



Daily Report

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NOTICE TO READERS: All material in this volume previously disseminated in electronic form.
An Ω indicates a Foreign Media Note.

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Selami Views 10 Apr Massacre, Greek Relations

AU2904114794 Tirana RILINDJA in Albanian
24 Apr 94 p 3

[Unattributed report on Democratic Party Chairman Eduard Selami's speech at a meeting in Gjirokaster; date not given: "Albanian-Greek Relations Should Not Influence Our Stand Toward the Greek Minority in Albania"]

[Text] At a large meeting in the Gjirokaster city cinema and theater hall, PD [Democratic Party] Chairman Eduard Selami spoke to PD members and sympathizers and the people of Gjirokaster constituency. Among other things, he dealt with Albanian-Greek relations. Also attending the meeting were DP General Secretary Tritan Shehu; Rexhep Uka, minister without portfolio for local government problems; Minister of Education Xhezair Teliti; Genc Ruli, deputy for the Gjirokaster constituency; and Sokrat Kalidhopuli, chairman of the district council.

"We came to this open meeting," Mr. Selami said, "as representatives of the party in power—the Democratic Party—and of the local state organs, to listen to your concerns and exchange opinions on how to solve all the problems that are soluble.

"The DP has been governing the country for the last two years. Over this period, there have been both achievements and shortcomings, but we have never concealed the latter. It has been a difficult period, but one that has also been full of many hopes. It has been and still is characterized by successes on the road toward democracy and a market economy, toward Europe and Western civilization. It is the beginning of a long haul toward our future, in which much remains to be done, because democracy is a thing that always strives for perfection. Aside from problems of the economic reform and its implementation, and problems regarding Gjirokaster itself, it would be of great interest to broach here the relations with our southern neighbor, Greece, to discuss the grave incident of April 10, and to have your opinions on these issues. This is another reason why we came to Gjirokaster.

"We are living at a time of great change," Mr. Selami continued, "a time when the period of destruction and overcoming communism unfortunately, in our region, very soon gave way to a period of war fraught with extreme nationalism that today is reflected in its most acute form in the former Yugoslavia, and Bosnia in particular. This crisis, the greatest one since World War II—not only on a regional scale, but also on a European one—is also one of the world's greatest crises. In this respect, our policy has always been one of finding a peaceful solution and negotiation, ruling out any change of frontiers by force. However, at the same time it has been a policy of defending Albanian interests. In this regard, we think that these sorts of problems will remain in the region. Peaceful solutions, not only in Bosnia, but also other parts of Yugoslavia, look extremely remote. In Kosova and elsewhere, there are big problems. We are

therefore of the opinion that a host of difficulties relating to the international situation are becoming added to the natural difficulties that our reform—one of the deepest and most radical ones—has brought in Albania...."

Dealing with Albania's relations with our southern neighbor, which is also a member of the European Community, PD Chairman Eduard Selami stated: "We have been and continue to be in favor of good relations, but things have not gone as they should. Certain things have become tense and aggravated. As for the incident, you have already heard our stern condemnation and denunciation of the perpetrators. We have complained about this to the relevant international bodies, urging them to find the culprits and put the responsibility for what happened on those who really deserve it. In the context of our state-to-state dealings, this event has impaired our relationship, but there has been no lack of determination on our part, and it must be mentioned that Greece, too, has responded positively to our resolve. We therefore think that, through good will and dialogue, these issues can be resolved. However, it remains our precondition that the culprits must be identified. They must accept their responsibility, and Greece should also admit its responsibility here, because it is involved in an incident that requires a just solution. The matter has been put before all the international bodies and the various groups set up to investigate the case. They will clarify many things, but it is natural that Albania, as the injured party, has reacted strongly in its own right. Such incidents tend to strain the relations between our two countries. The incident we are speaking about is not an isolated one. There are certain circles in Greece that are interested in destabilizing relations with Albania. This can be seen in the inhumane Greek conduct towards the Albanian refugees as well as other provocations stemming from a certain concept—the concept of Vorio-Epirus.

"As the party in power, we always follow a straight line. We have respected and continue to respect the Greek minority because we appreciate its contribution; it sees its future in Albania and does not play any destabilizing role, but on the contrary makes its own contribution to democracy in Albania. As we continuously perfect democracy in Albania, the demands of the Greek minority will certainly increase. Our relations with the Greek minority, which in Gjirokaster have a long and positive tradition of humane cooperation, must not serve as the cause of a breakup in our relations with Greece. It is a pity that time and again there emerge extremist attitudes, irresponsible declarations, and certain stands that aggravate the situation. We, as the Democratic Party, have welcomed members of the Greek minority into our ranks, placing them in government posts, in parliamentary positions, in the education system, and so on. As far as we are concerned, the Greek minority is a factor of stability. We will continue marching along the same road of good understanding with Greece, because it is not only to the benefit of Albania and Greece, but also to that of our region as a

whole. We really do want cooperation, but we also want mutual obligations to be honored. Our two neighboring countries, being the most ancient countries in the Balkans, must render their services to stability and peace. The PD is of the opinion that the time has already come for Greek-Albanian relations not to be dominated by ancient instincts and nationalistic spirits founded on extremist religious attitudes."

The meeting was also addressed by Messrs. Shehu, Uka, Teliti, and Kalidhopulli, who answered questions put by the audience.

After the meeting, Mr. Selami and other dignitaries went to pay condolences to the family of the martyr Fatmir Shehu, the army officer killed in the 10 April massacre.

'Secrecy' Over Visit by FYROM's PDP Noted

AU0205112894 Tirana ZERI I POPULLIT in Albanian 1 May 94 p 1

["G.V."-signed commentary: "Arben Xhaferi and Mendu Baci Are in Tirana. Is it a Party in Exile or..."]

[Text] A PDP [Party for Democratic Prosperity] delegation has been visiting Tirana for the past few days. This is the party of ethnic Albanians in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], namely one half of the so-called radical wing based in Tetovo and led by Arben Xhaferi and Mendu Taci.

Over these past few days, the delegation has had intensive meetings with [Albanian Democratic Party, DP, leaders] Eduard Selami and Tritan Shehu, with DP deputies, and perhaps with the Albanian head of state himself, Mr. Sali Berisha, who also received the credentials of the ambassador of the Republic of Macedonia in Tirana during the same period.

The newspapers have written nothing at all about this delegation. Neither the radio nor the television mentioned it. Why? How can one explain this silence when, in the past, every one of their visits was received with fanfares and given detailed television coverage.

The delegation stayed in villa no. 30. Today it may have left. Or perhaps it is still there. Who knows? The villa is

guarded by soldiers who are members of the SHIK [National Security Service]. Or perhaps, on the way to Tetova, they are taking a break in Durres or Pogradec, resting in the government residential villas, as the former nomenklatura villas are called today. In a few days' time perhaps, the newspaper of the ruling party and the television will announce, "A friendly visit has been paid to our country..."—as the practice once was with the Marxist-Leninist party groups that we nannied in secrecy so that they could put on weight and get fat in the nomenklatura villas in Durres, Vlore, Pogradec, and so on.

There is nothing wrong with receiving and seeing off a PDP group. The evil lies in the silence and secrecy. It is worse if such a thing is done at someone else's expense.

Defense Agreement Signed With Malaysia

BK0205135294 Kuala Lumpur Radio Malaysia Network in English 1300 GMT 2 May 94

[Text] Malaysia and Albania have signed a landmark memorandum of understanding [MOU], paving the way for Malaysian military officers to train the soldiers of the former communist republic. For a start, Malaysia has agreed to train 25 Albanian officers this year. The MOU was signed by Defense Minister Datuk Sri Najib Tun Razak and his Albanian counterpart Encik [Mr.] Safet Zhulali in Tirana, Albania. Under the MOU, Malaysian and Albanian armed forces will also hold exchange programs and joint exercises, cooperate in the fields of science and technology, as well as embark on business cooperation in the defense industry. Datuk Sri Najib said Malaysia would also assist the Eastern European state in the modernization and the upgrading of its armed forces. Speaking at the signing ceremony, he said the MOU would pave the way for closer cooperation between the two countries. Briefing Malaysian journalists later, he said Malaysia had approved a special fund of 2.6 million ringgit to assist in the development of the Albanian Armed Forces.

First Quarter Import, Aid Figures Published

AU0205141394

[Editorial Report] Tirana GAZETA SHQIPTARE in Albanian on 24 April 1994 on page 3 lists the value of imports and aid received by Albania in the first quarter of 1994. These values are given in a table as follows:

Imports for the first quarter of 1994 (in leks)

COUNTRY	IMPORTS (excluding aid)	AID
Austria	142,621,338	60,643,516
Bangladesh	78,741	0
Barbados	3,159,845	0
Belgium	136,010,429	10,284,106
Bosnia	18,361,461	0
Bulgaria	855,529,826	10,439,726
China	75,340,343	0
Croatia	11,165,031	2,992,900

Czechoslovakia	112,112,488	0
Denmark	18,791,025	9,862,983
Egypt	28,964,283	0
England	65,717,417	83,086,677
Finland	67,698	1,920,000
France	264,309,588	24,958,007
Germany	578,152,887	183,225,355
Greece	2,553,996,336	767,772,886
Hong Kong	91,235	0
Hungary	61,566,625	6,346,631
Iceland	461,843	0
India	3,711,695	0
Iran	9,211,269	4,319,228
Israel	6,343,685	0
Italy	3,463,640,068	475,967,619
Japan	2,338,271	1,933
Jordan	225,374	250,000
Korea	30,571,139	6,383,301
Kuwait	8,079,575	0
Macedonia [The Former Yugoslav Republic of Macedonia]	313,412,634	6,020,585
Moldova	2,036,665	0
Netherlands	48,178,790	158,117,395
Norway	0	13,488,209
Poland	20,452,219	44,936,850
Portugal	1,410,780	0
Romania	75,374,650	375,099
Russia	42,199,517	0
Saudi Arabia	100,000	0
Singapore	5,653,856	0
Slovenia	109,196,537	2,528,161
Spain	2,671,538	270,000
Sweden	152,721,875	81,523,936
Switzerland	132,460,006	61,977,783
Turkey	404,491,933	30,646,891
Turkmenistan	284,194	0
United Arab Emirates	0	15,225,000
United States	21,394,914	642,015
Receipts from emigrants	47,818,000	
Customs confiscations	15,226,000	
Imports (excl. aid)	9,904,160,171.3 [figure as published]	
Aid		1,381,756,142
Total: 11,285,916,313.3 [figure as published]		

Defense Minister Denies Intent To Resign

AU0305103094 Sofia Khorizont Radio Network in Bulgarian 0900 GMT 3 May 94

[Text] Regarding a recent report, according to which Defense Minister Valentin Aleksandrov will resign, today Minister Aleksandrov personally stated in the Konkurenti [Competitors] program of Khorizont Radio that he does not intend to resign unless Prime Minister Lyuben Berov asks him to.

Daskalov on Yugoslav Conflict, Russian Ties

AU2904150394 Prague LIDOVE NOVINY in Czech 28 Apr 94 p 5

[Interview with Foreign Minister Stanislav Daskalov by Adam Cerny; place and date not given: "The Developments in Bosnia Make Us Anxious"]

[Text] LIDOVE NOVINY asked the Bulgarian foreign minister, who will hold talks in the Czech Republic today, several questions.

[Cerny] Bulgaria is located in the immediate neighborhood of the Balkan conflict, and because of historical correlations, it is also concerned with the problem of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM]. Could you characterize the attitude of your country regarding these two topical issues?

[Daskalov] The conflict in former Yugoslavia is the most complex and the most tragic conflict in Europe since the end of World War II. The broad spectrum of the reasons for its emergence and the belated activation of the international community further complicate the search for a quick solution.

The events in former Yugoslavia are projected onto our country in more than one respect. The war is close, which means a potential threat to the security of Bulgaria. The damages to our economy caused by honoring the UN Security Council sanctions against Yugoslavia are tremendous. They have surpassed \$3.6 billion since the sanctions were declared. It causes great difficulties for Bulgarian foreign trade, telecommunications, and transport connections with Central and Western Europe....

It is of vital interest to Bulgaria that the military actions in Bosnia-Herzegovina are terminated and a permanent peace solution is found. As early as the beginning of the conflict, we said we would not take part in any form of military operations, including peacekeeping operations, in the territory of former Yugoslavia, and we appealed to other Balkan countries to keep their distance too. In our opinion, a way out of the conflict can only be found by the joint efforts of the international community: the UN, NATO, the United States, and Russia.

The most recent development of the situation in Bosnia-Herzegovina makes us anxious but, at the same time, it points out the safest route to the termination of the

conflict, which is negotiations. Therefore, we welcome the proposal for a summit of the representatives of the United States, Russia, and the European Union [EU] dedicated to these issues. The summit would confirm the readiness of these countries to engage in the search for a way out of the crisis.

Our country has been demonstrating by all its deeds over the past two years that it does not have any territorial claims against its neighbors. Bulgaria was the first country in the entire world—already on 15 January 1992—to recognize the independence of the just-emerged Macedonia. We are interested in having the statehood of Macedonia confirmed, in an even more determined support for this state from the international community. This process and the presence of UNPROFOR [UN Protection Forces] are important steps in preventing the spread of the conflict in Bosnia-Herzegovina outside its present framework.

[Cerny] Traditionally, Bulgaria has always had close relations with the Russian state. How do you perceive Russia's present position and the new exertion of its influence in the Balkans and also its attempts at reviving the pan-Slavic ideas?

[Daskalov] I have already answered this question to a certain degree; we welcome the constructive endeavors of Russian diplomacy coordinated with the United States and the EU that contribute to finding a peaceful way out of the conflict and that is just to all parties involved. As far as the contribution and deeds leading towards peace and stability are concerned, I believe we can all be satisfied.

I would prefer not to comment on the new phenomena in the domestic political life in Russia. I would only observe that we bear witness to its multifarious tendencies. The development of the processes in Russia should be assessed from the vantage point of the progress in the democratic and economic reforms, but also from the point of view of the complex changes in Europe. The integrating and democratizing Europe, whose indivisible part are the Central and East European states, can provide a natural support for the democratic development in Russia.

Your question concerning the revival of pan-Slavism is interesting already in the fact that the notion of pan-Slavism emerged for the first time precisely on Czech soil. Nevertheless, in the course of almost one and a half centuries, with constantly changing conditions—sometimes more, sometimes less favorable—it has never achieved substantial progress or scope. It is, from this vantage point, a form of utopia.

It would be a mistake if we took a nihilistic approach and denied the contribution of the Slavic peoples to the European culture only because certain extremist politicians utilize it as their motto.

KNSB Adopts Measures, Prepares for Strike

AU2904172694 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 29 Apr 94

[Text] On 29 April, the Executive Council of the Confederation of Independent Trade Unions in Bulgaria [KNSB] adopted a package of urgent measures aimed at overcoming the destabilization of the financial system and the crisis in income and production. An appendix to the package was adopted which demands the government inform the parliament and the trade union about commitments to international institutions, which affect production in Bulgaria.

The Executive Council will convene the KNSB Coordinating Council on 9 May. The goal is to report the result of the warning strike and national protest rallies, conducted by 6 May, to update the assessment of the sociopolitical situation in the country, and determine the KNSB attitude toward the government.

Commentary on Berov Remaining in Power

AU2904133394 Sofia DUMA in Bulgarian 26 Apr 94 p 8

[Commentary by Sonya Angelova: "Berov Will Call the Tune for a Few More Months"]

[Text] Despite the permanent talk regarding early parliamentary elections, the current prime minister can be calm about his post for a rather long time. There are at least three reasons for this. The rivalry between the president and the parliament is just one of them.

[President Zhelyu] Zhelev's intensive efforts to fix a "suitable" cabinet, or to transfer the power to a caretaker cabinet, as well as the readiness of a dozen of politicians loyal to Zhelev to head such a cabinet, prompts a large part of the deputies to look with suspicion toward the White House [the Bulgarian Presidency]. In the past few months, they plan to curb the president's prerogatives, and only the unexpected illness of the prime minister spoiled their plans.

Amending the Bulgarian Constitution, however, is not a simple job. This is a delicate thing, related to subtle negotiations and precise arithmetics because part of the people's deputies really fear the long hands of the Presidency. The weakness of the head of state, however, to publicly settle the account with the Socialists and the rapid disintegration that engulfed the camp of the Union of Democratic Forces [SDS], facilitated turning the Presidency into the only significant opponent of the Bulgarian Socialist Party [BSP]. The deformations in political life evoked analogies of the time of the Third Kingdom. Most of the caretaker cabinets of that time managed to win the elections regardless of their platforms. Therefore, the idea of increasing control over the president appears to be a task of supreme importance. There are two variants of this: either the parliament should continue its activity and thus keep an eye on the caretaker cabinet conceived by Zhelev, or the parliament

should be entrusted with the task of forming this cabinet. Both variants require several months for their realization. Until then, Professor Berov will be protected from various votes.

The second reason for his temporary immunity is related to the unresolved internal problems of political forces. The SDS preserved its coalition character long after similar formations in other East European states disintegrated. The deadlock between the National Coordinating Council and the parliamentary faction, however, prompts the two camp to openly long for democratic centralism, the one-man-command, and something that resembles party discipline. The issue that preoccupies the SDS headquarters more than anything else is who will lead the future blue [SDS] party. The final term allocated to Filip Dimitrov and Stefan Savov is 15 May. Until now, it appeared that only the chief of the parliamentary faction [Stefan Savov] is pressed for time. The national conference is expected to be the triumph of the apparatus games, and the apparatus is fully controlled by Filip Dimitrov. Recently, however, the hardliners also demonstrated nervousness. Several times, Edwin Sugarev demanded proposing a vote of no-confidence and pressed for adopting a decision to walk out of the parliament. The discussions related to composing the election lists will accelerate those processes. If Filip Dimitrov's plan to propose SDS candidates and determine their place in the lists succeeds, the outcome of the battle will be determined. The central leadership will close its doors to the Democratic and Radical-Democratic Parties, the blue Agrarians, and a part of the United Christian Democratic Center. Even if Savov himself passes through the sieve, the next parliamentary faction will already be totally dominated by Filip Dimitrov, while the faction's present leader will become a respected but tiresome pensioner. Everyone understands the situation. The split in the SDS appears to be a matter of time.

The third, and perhaps the most important reason is privatization. Preparations for privatization began before 10 November, and yet it does not seem to materialize. The owners of the former national wealth are determined by violence or in a Byzantine manner. No one is tempted by the political consequences of the privatization. Regardless of the formula that will dominate the privatization, there will be bankruptcies, people will be thrown into the street, an attempt will be made to ban the trade unions, and conflicts will emerge among economic groups that divided the country in their interest. Diminishing the role of the state produces dividends in the long run, however, under the present socioeconomic situation, the country could find itself in a catastrophic situation in the short run.

All this is obvious even from the vintage point of the government hospital. Therefore, as a man of character, in the near future, Professor Berov will dictate his conditions. For the time being, the political forces do not appear to have much of a choice.

EU Commissioner on Admission Requirements

AU0205171494 Prague MLADA FRONTA DNES in Czech 29 Apr 94 p 2

[Interview with Hans Van den Broek, European Commission member for external political relations, by Josef Vesely in Prague on 28 April: "The Requirements for Admission Into the European Union Are Clear, Says the Belgian Commissioner"]

[Text] Prague—The criteria for admitting countries like the Czech Republic into the European Union have been sufficiently clear since the Copenhagen summit of the so-called Twelve last June. This statement was made yesterday by Hans Van den Broek, European Commission member for external political relations, in an interview granted to MLADA FRONTA DNES following a symposium organized by the Konrad Adenauer Foundation and the Bohemia Foundation.

He added that the basic requirements for admission consist of stability in the institutions guaranteeing democracy, the existence of a law-governed state, the observation of human rights, protection for minorities, and the ability to come to terms with the competitive pressures of the market within the Union. The candidate must also identify with the aims of the Union.

"We will no longer place new requirements on the candidates from your region because you would consider this to be an obstacle. And perhaps this would also bolster certain nationalist and sectarian tendencies. Moreover, there is also another side to the coin—the Union's further enlargement depends on our ability to absorb new members at the appropriate moment," said Van den Broek.

[Vesely] How do you perceive the obligation to identify with the aims of the European Union?

[Van den Broek] Each country that wants to become a member will be invited to sign a whole set of regulations, laws, and obligations, including the Maastricht Treaty. This defines the future of Europe. We also want to develop new spheres of cooperation here. Among other things, we intend to establish a monetary union and formulate common security and foreign policy. Later, we should move on from coordinating defense policy to a real common defense.

[Vesely] Of course, it may transpire that a specific country will not want to commit itself so heavily.

[Van den Broek] If someone were to tell us that he has difficulty in fulfilling this or that aspect and, therefore, that, at the moment, he is only interested in the economic or trade aspect, or, as the case may be, that he has not yet sufficiently adapted his laws to those valid in the European Union, then I believe it would be possible to reach an agreement with him on conditional admission. A transitional period would be determined, during which the issue would be resolved. However, in no way would it be acceptable to us if a candidate were not to

adopt as his own the fundamental principles on which the European Union is based. And it will not be at all possible for him to refuse to share our final political aims, aims derived from everything that has already been achieved.

[Vesely] What do you think of the suggestions to establish a kind of intermediate stage that would bridge the period between association and full membership?

[Van den Broek] Our immediate aim is to put into practice everything on which we have already reached agreement. We will certainly still have a great deal of work with this, especially in intensifying the political dialogue. The European Union, therefore, has proposed, for example, that a meeting be held annually involving the heads of government, foreign ministers, and, as the case may be, the policy directors of ministries. We want to have joint working groups to deal with specific foreign and security policy issues. Here, we are distinctly aware of the common interest of the Czech Republic and the other Central and East European countries, on the one hand, and the European Union, on the other.

Price Stabilization of Grain Under Way

94CH0233C Prague HOSPODARSKE NOVINY in Czech 22 Mar 94 p 7

[Article by Jan Zahorka, of the CR Agricultural Chamber: "Intervention Purchases of Wheat Have Begun"]

[Text] The Council of the State Fund of Market Regulation decided at the end of 1993 to purchase foodstuffs wheat from this year's harvest through the form of so-called time-limited intervention purchases. These purchases are time-restricted because, as early as spring of this year, contracts will be concluded for the purchase of foodstuffs wheat, with the deadline for delivery to coincide with the harvest period. On the basis of such agreements, down payments amounting to 50 percent of the value of the deliveries are to be paid as early as this month.

The council decided on the above method of purchasing following the experiences of last year's harvest, when the fund purchased only an insignificant quantity of foodstuffs wheat, with which it was totally unable to influence the situation on the market. Other buyers had simply paid more than the fund, which is authorized to purchase at the so-called minimum (guaranteed) price or to pay in advance, even if those payments were at a lower price. The fund failed to purchase a significant amount of wheat, despite the fact that the minimum (guaranteed) price before the harvest rose significantly.

The Market and the Import of Grain

In view of the fact that the fund virtually purchased no wheat from the 1993 harvest, it did not even have any stockpiles with which it could have blunted the increase in the consumer price of flour, baked goods, and even

fodder grains for production consumption in livestock production. The desire to have such stockpiles at its disposal was also the sole motive for the decision of the fund council regarding imports. This decision actually halted the rise in grain prices. And it did so even before the actual importation of a single kilogram of foodstuffs wheat. The effect developed even in the face of subsequent announcements that these imports represent current imports at market prices abroad, including customs duties. The Ministry of Finance merely adopted measures according to which the customs duties are assessed but not collected for the time being. Such procedures are valid until such times as the minister of agriculture submits (in the case of need) a proposal to forgo such duties; the proposal is submitted to the government, which makes the final decision.

The Ministry of Finance was motivated in this direction primarily by the virtual balance between grain resources and requirements in the Czech Republic, including foodstuffs wheat. Another reason was the fact that the difference between the market price of this wheat at the time on our domestic market (3,500-3,700 korunas [Kc] per metric ton) and the cost of possible imports, including customs duties of approximately Kc4,200 per ton, was not considered an impenetrable barrier in terms of foodstuffs consumer prices. For example, such a price increase for wheat would show up in the consumer prices of crescent rolls only to the extent of 10 halers. There was thus no reason that foodstuffs wheat could not be sold on our markets at prices of its possible import costs, including customs duties.

Despite the effect of this procedure, it must be said that the fund for the importation of agricultural products was never conceived. It is supposed to purchase interventional stockpiles on the domestic market when prices paid to farmers are lower than the minimum (guaranteed) price and is thus supposed to assist in revitalizing farm prices and not to import stockpiles when market prices are higher than the minimum (guaranteed) price. In the latter case, it then acts against the interest of farmers; in the event the forgiveness of customs duties is not subsidized, consumer prices on the domestic market would not even benefit consumers or processors.

Thus, in discussing procedures for the year 1994, the fund council was faced by a decision: either to engage in interventional purchases in a traditional manner at harvest time, with a great risk of repeating the situation of last year, or to conclude contracts for futures purchases, paying out deposits and thus adapting to the practices used by a number of buyers. The decision was made to buy time-limited futures. Regular analyses of the grain market indicate that the decision by the council has already influenced the conduct of the other buyers without the fund's having purchased a single kilogram of grain and without having concluded any futures contracts. Buyers are offering higher market prices than the minimum (guaranteed) price, lower-quality parameters than called for by tough export criteria for the fund; concluding contracts for futures purchases and paying

down payments; using bills of exchange to make these payments; supplying agricultural chemicals with the provision that they will subtract their value from the compensation paid for grain delivered at harvest time; and so forth.

The Task of the Agricultural Chamber

Because the conclusion of futures contracts to affect interventional purchases required that the offerings of growers be concentrated, the fund council asked the Agricultural Chamber of the Czech Republic for assistance. The agreement with the director of the fund regarding the most important criteria and conditions for purchases was aimed at at least allowing growers to more or less orient themselves and to begin, with the assistance of okres agricultural chambers, to make a listing of offerings. The first round of offerings took place as early as January so it would be possible to meet the deadline for making downpayments in March. The result was an offering that corresponds to the quantity of 500,000 tons being considered by the council.

The procedures adopted by the okres agricultural chambers, however, encountered the criticism of some members of the fund council. They were calling on their findings in the field, which indicated that some growers did not find out about the possibility for interventional purchases and, in some locations, allegedly even refused to register their offerings in the listing (although this involved a grower who is capable of producing foodstuffs wheat) because the individual involved allegedly was not a member of the agricultural chamber. But this was never proved.

Therefore, the agricultural chambers organized a second round of listings, the results of which (halfway through February) already amounted to approximately 50,000 tons more than was being considered by the council. Therefore, the offerings were curtailed by the Commodity Council of the Agricultural Chamber at okres levels according to the actual quantities of foodstuffs wheat purchased over the past three years, according to production in recent years and the listing of areas sown to wheat. However, such an offering was again rejected by the fund council, with a reference to the fact that there is a need to leave room for the registration of growers. Therefore, a third round of offerings was conducted, which ended on 25 February.

A Systems or Nonsystems Approach

The principal effect of any kind of interventional purchases—in other words, even of futures purchases—is to influence market prices paid to farmers and the conduct of buyers in the market. A secondary effect of futures intervention purchases is the payment of deposits and, thus, the payment of advances to growers for their expenses for the next harvest.

From the standpoint of the principal effect, therefore, it is completely immaterial in terms of price levels whether a purchase for intervention purposes is actually made

from any one specific grower. Moreover, a specific grower does not care at all whether a deposit is paid by the fund or by another buyer. After all, another buyer can (and frequently does) contract for even more advantageous conditions than the fund. In some okreses, particularly in production okreses, this was reflected in low offerings made to the fund. The fact that there have now been three rounds of listing offerings, however, also leads to the fact that, particularly in the less productive okreses, offerings are obviously no longer being made with the intention of actually delivering foodstuffs wheat, but with the secondary intent of borrowing financial resources without demonstrating their returnability

to commercial banks or to the Supportive and Guaranteeing Agricultural and Forestry Fund. And the fund was not designed to effect an individual approach to every market entity (so no one could complain that he did not have the opportunity to participate in interventional purchases). One can thus believe that the current approach by the fund with respect to futures intervention purchases is based solely on a complicated financial situation faced by agricultural primary producers and on the fact that the measures are being asserted for the first time. After evaluating the experiences, this non-systems approach will surely be transformed into a systems-type approach and will gain the right to exist.

Lack of Funds Restricts Role in 'Partnership'

AU0205133794 Bratislava PRAVDA in Slovak
28 Apr 94 p 12

[TA SR report: "Military Commanders in Brussels"]

[Excerpts] Brussels—The chiefs of general staff of NATO member states met with their counterparts from the countries of the Eastern bloc yesterday to discuss plans connected with the Partnership for Peace project and participation in peace missions. [passage omitted]

"Slovakia is interested in participating in tactical and command and staff exercises of larger dimensions, but not this year," Slovak Army Commander Lieutenant General Julius Humaj, who represented the Slovak side, told the TA SR correspondent. For 1994, the Slovak Republic is preparing the exchange of smaller units, such as platoons and companies, at reciprocal exercises with other states of the North Atlantic Cooperation Council (NACC). "We cannot afford more, in view of the fact that only 1 percent of the Defense Ministry budget (that is, 104 million Slovak korunas) has been earmarked for the implementation of the Partnership for Peace project," General Humaj noted. Julius Humaj also said that the Slovak Republic would present the presentation document for the Partnership for Peace program in May. "This document cannot be prepared in a few days or weeks," he said, reacting to comments by the NATO political leadership that the partner countries needed more time to draft the presentation document than had originally been expected.

Julius Humaj informed the NACC partners of the readiness of the Slovak Republic to make available, within the framework of Partnership for Peace, areas for training as well as training centers for the preparation of members of peacekeeping missions.

Czech Defense Minister Signs Agreement

LD0205133194 Bratislava Rozhlasova Stanica
Slovensko Network in Slovak 1000 GMT 2 May 94

[Excerpts] Czech Defense Minister Antonin Baudys arrived for a one-day official visit in the Slovak Republic today. This morning he met with his departmental counterpart, Pavel Kanis. Our correspondent Miroslav Minar reports:

[Minar] The Czech defense minister's visit is taking place in connection with the first unofficial working meeting between Minister Baudys and former Slovak Defense Minister [Imrich] Andrejcek at Vranov nad Dyji.

The special military plane from Prague landed at Milan Rastislav Stefanik airport at 0930, and, shortly after that, the Czech guest was welcomed on Slovak territory by Defense Minister Pavel Kanis.

The talks, which took place after the welcoming ceremony, were attended by experts from both sides and

contained, above all, a proposal of the agreement between the defense ministries of the Slovak Republic and the Czech Republic on mutual cooperation. The two sides will exchange information to the extent of the powers entrusted to them and stipulated by Slovak and Czech legal regulations and will cooperate on the basis of reciprocity and mutual advantage.

The first glance at the text of the agreement shows that the extent of cooperation is broad and that the individual spheres concern all parts of the military. For example, in the coming period, the parties to the agreement should cooperate in building their armies and mobilization systems in conditions of peace, technical development, military training and science, personnel work, social and health security, culture, and sport. [passage omitted]

During the joint events, the official languages of the two states that are parties to the agreement will be used.

Czech Defense Minister Antonin Baudys and Slovak Defense Minister Pavel Kanis signed the text of the agreement on mutual cooperation shortly before 1200. A news conference is under way at this time.

Ethnic Hungarian HZDS Deputy Leaves Movement

AU0205141494 Bratislava NARODNA OBRODA in Slovak 29 Apr 94 p 21

[Interview with M. Hudina, deputy to the National Council of the Slovak Republic, by an unidentified PRACA correspondent; place and date not given: "Disagreement With Orientation; M. Hudina Has Become an Independent Deputy"]

[Text] "Have you officially announced your departure from the Club of Deputies and the Movement?" PRACA No. 97 asked M. Hudina, deputy of the Movement for a Democratic Slovakia [HZDS].

[Hudina] I notified the parliament chairman in writing last week.

[PRACA] What made you leave the HZDS?

[Hudina] There were reports about the HZDS conducting negotiations on the formation of a national democratic bloc. Because I was the sole deputy of Hungarian nationality in the HZDS Club of Deputies, I realized that I could not remain in such a bloc. My decision was also influenced by the passage of the law on names and surnames, by the so-called law on bilingual signs, and, last but not least, by the speeches by I. Chamula of the Slovak National Party, who constantly attacks the Hungarian ethnic minority. I was not enthusiastic about the formation of a coalition with this party and was the only [HZDS] deputy who did not sign it.

[PRACA] You have become an independent deputy. Toward which party do you lean?

[Hudina] I was present at the constituent assembly of the Democratic Union of Slovakia and will most probably become its member.

Cernak Says 5 Right-Wing Parties To Cooperate
AU0205144194

[Editorial Report] Slovak newspapers on 28 and 29 April publish reports on comments made by representatives of Slovak right-wing and center parties on the meeting of these parties' leaders in Bratislava on 26 April, which dealt with their cooperation in the election campaign.

Bratislava HOSPODARSKE NOVINY in Slovak on 28 April on page 3 carries a 200-word TA SR report on a news conference given by National Democratic Party-New Alternative Chairman Ludovit Cernak in Bratislava on 27 April. Cernak is quoted as saying that the five parties attending the 26 April meeting "showed interest in cooperating. They will agree on the form of this cooperation by the end of May at the latest." Cernak reportedly also said that all five parties "practically rejected the possibility of postelection cooperation with the Movement for a Democratic Slovakia."

Bratislava SME in Slovak on 29 April on page 3 carries a 200-word "dos"-signed report on a news conference given by the leadership of the Christian Democratic Movement (KDH) in Bratislava on 28 April. Speaking about the 26 April meeting of the leaders of "five right-wing and centrist parties," KDH Chairman Jan Carnogursky reportedly described it "as unlikely that all of these parties would contest the elections with a single slate of candidates. He supposes, however, that the number of slates of candidates will be under five."

Cernak Said To Own Compromising Documents
AU0205171594 Bratislava PRAVDA in Slovak
29 Apr 94 p 2

[Unattributed report: "Slovak National Party: Documents Disappeared"]

[Text] Bratislava—"Important documents that Ludovit Cernak signed as chairman of the Slovak National Party [SNS], along with Michal Kovac, when the latter was still a presidential candidate, have disappeared concurrently with Cernak's departure from the SNS. The publication of these documents would not necessarily cast a good light on the president's moral qualities and his credibility," Peter Sokol, adviser to the SNS chairman, said at an SNS briefing in Bratislava yesterday. He added that, within the framework of his election campaign, one day before his election, Michal Kovac had signed certain agreements, in which he pledged to the SNS to execute the office of the president in a certain way if he gained its support. According to Peter Sokol, in recalling former Minister of Foreign Affairs Milan Knazko, the president acted completely at variance with this pledge. "I have the justified suspicion that Mr. Cernak's possession of these

documents may have a certain influence on the president's conduct," Peter Sokol said.

Misappropriation Charge Denied

AU0205173094 Bratislava PRAVDA in Slovak
29 Apr 94 p 2

[TA SR report: "Ludovit Cernak Rejects Accusations"]

[Text] Bratislava—"I resolutely deny and protest the allegation that I have misappropriated some important documents that I had signed as chairman of the Slovak National Party [SNS]," Ludovit Cernak, chairman of the National Democratic Party-New Alternative, said yesterday. He was reacting to the words of Peter Sokol at yesterday's SNS briefing (a report on which we comment elsewhere—editor's note) that important documents, "the publication of which would not necessarily cast a good light on the president's moral qualities or his credibility," disappeared at the time Cernak left the party. Cernak went on to say that, when the new SNS chairman took office, he asked him to take over all of the documents according to a list in the safe. When leaving the party, he handed over to SNS First Deputy Chairwoman Eva Slavkovska documents that he himself had taken over and other important documents that should be filed by the SNS. According to Cernak, the specific document mentioned at the SNS briefing was the minutes of a meeting between SNS representatives and the then presidential candidate Michal Kovac, which cannot bind the president in any way and cannot be misused. After the signing of the coalition agreement with the Movement for a Democratic Slovakia, the proposal was made that this document be sent to the president. "I physically destroyed those minutes because their contents had become irrelevant. I would never use them in the way described by Peter Sokol, nor could they be used in such a way," Cernak added.

President Kovac Appoints Sitko as Media Adviser
LD0205194094 Bratislava STV 1 Television Network in Slovak 1730 GMT 2 May 94

[Text] Slovak President Michal Kovac recalled Josef Sitko from the post of director of the Press Department of the Office of the President of the Slovak Republic and appointed him as media adviser, effective 1 May.

'Liquidation' of TV's Independence Feared
AU0105183594 Bratislava PRAVDA in Slovak
27 Apr 94 p 3

[Article by "su": "Slovak Television Council's Protest"]

[Text] Bratislava—At an extraordinary news conference yesterday, members of the Slovak Television Council made available to reporters a statement that expresses disagreement with the amendment to the Law on Slovak Television that is on the agenda of today's plenary meeting of the National Council of the Slovak Republic.

In the opinion of the Council, "if parliament approves the proposed change to the Law on Slovak Television, it will mean the liquidation of the principles of independence, nonpartisanship, and professionalism," the statement says.

The amendment provides for the dissolution of the present Slovak Television Council, which is based on the principle of the civic spectrum of interests. Council members assess this step as expedient, motivated by economic and preelection considerations. Jergus Ferko emphasized the status of the Council as the steering body of Slovak Television with jurisdiction over not only programs but also the economic sphere of managing television as a public corporation. He voiced the fear that the structure of the future Council will be based on the principle of the majority representation of political parties, which would unequivocally politicize Slovak Television and liquidate its independence. "If the principle is applied of forming the Slovak Television Council on the party principle, it will be a short-term expedient measure, which will lead to permanent liquidations of the Slovak Television Council after every change in the balance of forces in the parliament. It would be a systemic step back, toward a situation that has been overcome by developments, which will only raise political tension and intensify the already serious problems of Slovak Television inherited from the past," the statement goes on to say.

The Council deplored that its members had not been invited to the work on drafting a new Law on Slovak Television and to the relevant meeting of the National Council of the Slovak Republic Education, Science, and Culture Committee. It called this behind-the-scenes course of action illegal and unprecedented.

Customs Law, Food Import Certification Approved

*AU0205180994 Bratislava PRAVDA in Slovak
27 Apr 94 p 2*

[Article by Antonia Vymazalova: "Imports Only With a Certificate"]

[Text] Bratislava—The first item on the agenda of the government session, chaired by Prime Minister Jozef Moravcik yesterday, was the National Council of the Slovak Republic bill on certain measures to prevent increasing insolvency in the Slovak Republic. The government returned the bill for alterations. If it passed the bill in its current form, there would be the threat of a slowdown of the privatization process and the formation of an obstacle to enterprise.

The government discussed and approved several proposals for intergovernment agreements and documents, among them the draft Agreement Between the Government of the Slovak Republic and the Government of the Croatian Republic on the Extradition and Admission of Citizens. It also approved the National Council of the Slovak Republic's bill on customs. At a news conference during the government session, Deputy Prime Minister

Ivan Simko said that the customs law deals in a completely new way with the organization of the customs administration and its status with respect to other bodies, duties, powers, and resources of the customs officer, the rights and obligations of natural and legal persons toward customs officers. He emphasized that the law gives greater powers to customs officers and even enables them to use some restrictive measures.

The government approved its work schedule and its plan of legislative work until 30 September 1994. It agreed to the schedule of carrying out work ensuing from the report on the state of the Department of Agriculture and the economic conditions for the implementation of the intentions for this year. It also approved a directive on one-time extraordinary compensation of between 10,000 and 50,000 Slovak korunas for an injury or death in the course of working for the civilian defense.

It approved an amendment to the National Council of the Slovak Republic Law No. 83/1991 on the work of Slovak Republic bodies in the implementation of the employment policy according to earlier regulations. The bill submitted makes payments from the Slovak Employment Fund for financing work beneficial to the public also available to state budget and subsidized organizations, which the National Council of the Slovak Republic Law No. 325/1993 ruled out. The proposed amendment does not affect the state budget. The government disagreed with a deputy's draft extensively amending the National Council of the Slovak Republic Law No. 325/1993 on the state budget of the Slovak Republic for 1994 and changes to other laws.

The government acknowledged the report on guaranteeing the offer of property in the second wave of coupon privatization. It contains, among other things, the criteria for the selection of enterprises offering property in the coupon privatization, a proposal of the schedule for the preparation of the offer, and the implementation of the actual process of distribution of the shares. "The relevant minister will prepare by 20 May 1994, in cooperation with the founding ministries, a list of the enterprises included in the coupon privatization. The volume will thus be determined with added precision of property included in the second wave of coupon privatization," Minister Milan Janicina said at a news conference. The government also acknowledged informative documentation on the preparation for the introduction of a compulsory certification of farm and food products in the Slovak Republic beginning on 1 May 1994. As Minister Peter Magvasi stated, because four conditions were not satisfied for calling off the 1 May date, exporters of food products will have to present a certificate from the country to which they are exporting. According to the agreement in effect, the government can no longer change the date of compulsory certification of farm and food products in the Slovak Republic because it is given by approval in the National Council of the Slovak Republic. The government authorized Minister Magvasi to discuss the issue with his Czech counterpart, Dlouhy.

Moravcik on Czech Food Import Certificates

LD0205101994 Prague Radiozurnal Radio Network in Czech 0800 GMT 2 May 94

[Text] The issuing of certificates, which are very closely linked to the customs union between the Czech and Slovak Republics, has political aspects, too, although the economic aspects prevail.

This is what Slovak Prime Minister Jozef Moravcik said in connection with the problem surrounding certificates required for foodstuffs imported from the Czech Republic into Slovakia. At the same time, he said that what is important is that the two sides have a political interest in preserving mutual cooperation and mutual links at least at the present level. He did not rule out the possibility, however, that the current cooperation in this form could cease to be convenient for either side.

Czech Customs Union, Payments Agreement Viewed

LD0205124794 Prague Radiozurnal Radio Network in Czech 1200 GMT 2 May 94

[Text] The Customs Union and the Payments Agreement with the Czech Republic are disadvantageous for Slovakia in many respects. This is what Slovak Deputy Prime Minister Brigita Schmoechnerova said at a news conference in Bratislava today. She said, however, that the one to blame for this situation is not the Czech partner, which is naturally asserting its own interests, but the former Slovak Government, which was not properly prepared to conclude these agreements. Schmoechnerova added that the Slovak Cabinet will deal with this issue in the near future.

NBS Reports Favorably on Inflation, Budget

AU0305105594 Bratislava PRAVDA in Slovak 29 Apr 94 p 2

[Article by "ip": "Inflation Slowing, Reserves Growing; Good News From the Slovak National Bank Directorate"]

[Text] Bratislava—Yesterday's meeting of the Slovak National Bank [NBS] Directorate considered the main trends of monetary development to be favorable, NBS Vice Governor Marian Jusko said after the meeting.

The rate of inflation continued to slow in March. It went up 0.5 percent in March and 2.6 percent since the beginning of the year. According to preliminary data, the money supply expressed in terms of the M2 aggregate declined by 5 billion korunas [Sk] in March, compared with February. In terms of the M1 aggregate (money in circulation and nonterm deposits), it declined by Sk4.2 billion. The aggregate volume of primary deposits declined by Sk6.1 billion in March, which was caused, to a decisive extent, by the deadline for filing tax returns [last day of March].

Refinancing credits declined by Sk2.5 billion in March. The state budget deficit was reduced by Sk700 million and amounted to Sk4.5 billion as of 27 April. The government's net position vis-a-vis the banking system is approximately Sk60 billion.

The NBS's foreign exchange reserves are growing gradually. At the beginning of January, they stood at \$340.17 million, in mid-February at \$350 million, by 23 March at \$427.54 million, and by 21 April at \$536.4 million (all these figures exclude gold reserves). The share of new loans in the increase has been minimal; purchases from commercial banks at the foreign exchange fixing have been decisive. The entire banking sector availed itself of foreign exchange reserves of \$1.896 billion as of 20 April.

The deficit on the clearing account with the Czech Republic is declining. At the end of December 1993, Slovakia had a deficit of 168.9 million XCU's [clearing European Currency Units] (Sk6.6 billion), at the end of January 1994 a deficit of 176.1 million XCU's (Sk6.9 million), and at the end of February a deficit of 125.9 million XCU's (Sk5.4 billion). By 1 April, the deficit dropped to 59.9 million XCU's (Sk2.3 billion), by 15 April to 42.1 million XCU's, and by 27 April to 12 million XCU's (Sk489.4 million).

NBS Vice Governor Marian Jusko said that the NBS measures to reduce the amount of money in circulation, made necessary by the rapid increase in the state budget deficit in the last two weeks of last year, fulfilled their purpose and that the granting of refinancing credits is gradually being renewed. Promissory notes to finance agriculture have started being rediscounted [reesk-ontovat] again. The Sk500 million, which is the limit set aside for this purpose, should help bridge the shortage of funds in laying foundations for the new harvest.

Boross Interviewed on Achievements, Prospects
AU0205191894 Budapest UJ MAGYARORSZAG in Hungarian 28 Apr 94 p 6

[Interview with Prime Minister Peter Boross by Laszlo Fabian; place and date not given: "What We Did Is the Future!"]

[Excerpts] [passage omitted] [Fabian] Mr. Boross, one cannot rule out the possibility that the left will come to power after the elections. How stable would such a government be and how much time would it be able to survive?

[Boross] In principle, we must take every possibility into account, but I hope only in principle. There are also differences. The Hungarian Socialist Party [MSZP] will not find such an easy ally as that one found by the Polish socialists. The MSZP will have a lot of problems if it wins, because the phase of unpopular measures has not yet come to an end. The Socialists will also have to take unpopular measures, just as we did; otherwise, they will cause big problems for themselves and the country as well. If they were more cautious with their promises and abstained from empty political cliches, their advance would perhaps not be so alarming. It is not the current situation, but the prospects for the future that concern me. At the same time, it is extremely important to preserve democratic values, and this requires elections. Free elections are the determining basis of democracy. We must accept the fact that some people might not understand the historic steps that have taken place now.

[Fabian] In your opinion, what are the chances of cooperation between the Christian national forces?

[Boross] If I think of historical analogies, I am pessimistic. The meeting in Szarvas was convened with similar slogans; nevertheless, it mostly turned into an excluding meeting. They excluded the major forces of the Christian national trend. I think that those who are now declaring a program have spoiled something. This is quite painful. It is unfortunate that there are people among those who represent one trend who come up with bad formulations and make dangerous formulations from both the international and domestic point of view. Their formulations are risky. Strong attacks have begun from within, and the situation is depressing. I must ask where Jozsef Torgyan belongs, whose activity leads to the fact that he cannot keep any one of his promises, because he made himself unable to join a coalition. Therefore, no matter what he says, the audience must know that nothing will come out of it because he does not have the power to carry this out; no one will form an alliance with him. I do not have rosy hopes regarding any collaboration; instead, I feel a division. This is the real risk. We know that the left will subordinate everything to its desire to return to power. [passage omitted]

[Fabian] Political analysts say that two cycles represent the "wearing out time" of a government in a democracy. This can even be shorter under certain circumstances, as

in the case of a change in the regime. Are there any resources left for a new government cycle?

[Boross] Regarding its personnel, a government automatically undergoes changes in the first cycle. A government can become worn out by its own awkwardness or by a discrediting campaign like the one we have experienced in the past four years. Here we should take a look back to what this country was like in 1990 and how it is now, regarding property relations, administration, legal independence, constitutional order, and international relations. We can say that this government has not become worn out, because it has actually created the conditions for economic progress under normal and humane circumstances. Fortunately, there are similar governments in major Western European countries. Therefore, our foreign contacts are rather positive. As a propaganda ploy, one can say that the government has reached the point when it has to be replaced, but a sober observer looks at what would happen to this country if a change in direction took place immediately after four years. [passage omitted]

[Fabian] How is Antall's heritage present in today's Hungarian Democratic Forum [MDF]?

[Boross] It is strongly present, and it is a very good feeling for me. His personality was suitable for remembering him in a theatrical way, but this is not what happened. Antall is present inside the party, at meetings when there is a need to quote him. This MDF will advance together with Jozsef Antall's ideas.

[Fabian] If the MDF is again in the position to form a government after the elections, what partners can it count on?

[Boross] First of all, the Christian Democratic People's Party is our natural ally. The United Smallholders' Party could also be another ally, a party that has governing successes and, with its seriousness, it might be able to win over the sympathy of village smallholders.

Party Leaders View Need for NATO Membership
AU2904151594 Budapest NEPSZAVA in Hungarian 27 Apr 94 p 5

[Unattributed report: "Party Views on Hungary's NATO Membership—Do You Approve of Hungary's NATO Membership Request? If You Do, When Will This Issue Be Timely, and Which Forum Should Decide on Entering It?"]

[Text] Gyula Thurmer, Workers' Party: The Workers' Party does not approve of Hungary's membership in NATO; in fact, it opposes it in any form. In Parliament, we will propose that Hungary leave the Partnership for Peace program and send home the AWACS planes and all foreign soldiers who are stationed in Hungary. The NATO issue will have to be taken to a referendum immediately after the May elections.

Zsolt Rajkai, United Smallholders Party: We approve of Hungary's intention of gaining NATO membership. Our NATO membership is a timely issue already now. Hungary's sovereignty has two possibilities, either neutrality or membership in a military bloc. Obviously, it is not enough for a country to declare its neutrality; worldwide guarantees are also needed for this. However, this is not a well-founded hope. Therefore, it is our vital interest to belong to a military bloc. At the same time, we would consider a pan-European military cooperation agreement ideal. In addition to NATO membership, our efforts are directed toward this.

Istvan Szent-Ivanyi, Alliance of Free Democrats [SZDSZ]: For the SZDSZ, Hungary's NATO membership is a strategic goal. It is our vital interest to integrate ourselves organically in the European and Euro-Atlantic organizations. NATO is not exclusively a defense organization, it is also a forum for security policy and foreign policy coordination. Our membership is also important for the reason that, in addition to the European member states, it also ensures links with the United States and Canada.

A period of preparations is needed for full membership and the Partnership for Peace program is a good opportunity for this. We would like to achieve full membership in a few years' time.

We do not think a referendum on our membership is vitally important; however, we will not reject it if there is a broad demand for this in society.

Lajos Horvath, Hungarian Justice and Life Party [MIEP]: Yes, the MIEP approves of Hungary's request for NATO membership. This would bring significant political, economic, and military advantages for Hungary. It would mean a much quicker access to the various organizations of the world, and the extension of the NATO umbrella over Hungary. Due to Hungary's economic and military political situation, all these are clearly needed. At the same time, we have to recognize the fact that NATO membership would have all kinds of consequences, and meeting the various requirements would entail much sacrifice from the people. For this reason, only a referendum can decide this issue. The time: as soon as possible. However, full membership is only a desirable goal at the moment, and before this can be achieved, we have to concentrate on building a strong economy and a combat-worthy army.

Ferenc Inotay, Christian Democratic People's Party:

1. I approve of and agree with Hungary's membership in NATO. Effectively, Hungary's security is not guaranteed by anything other than a promise to help, on the level of sympathy. Our NATO membership will document the 1,000-year-old fact that Hungary is part of the Western Christian world. For the peoples of the Carpathian basin, NATO membership will result in reducing tensions (that have been simmering underground since the end of World War I), and in creating peace in the minds of people of various native languages and nationalities.

NATO membership will also ensure technical development for Hungary both in the military and in the civilian production spheres.

2. To the timeliness, my answer is that it would have already been good yesterday, but today is not too late, either. NATO membership is not attractive for the remaining domestic leadership or that in the neighboring countries which was brought up on Soviet world-dominating ideas; therefore, these leaders do all they can to delay it as much as possible or cancel it altogether. It is also urgent to achieve NATO membership to nullify this influence and make it impossible. The revival of the imperial and power attitude in Russia, which endangers us as well as NATO, can speed up the approval of our NATO membership and can make it cheaper. Due to our geopolitical situation, our membership will also be in the interest of NATO. If we cannot bear the financial burdens of an early NATO membership, NATO might take on these financial burdens in the form of aid, and turn it into the financing of a NATO interest, which will make this more likely.

3. Hungary's NATO membership is a decision of great importance and a commitment that will determine our future for a long time; therefore, it can only be decided in a general referendum.

Szabolcs Baross, Republic Party: At the moment, all European and transatlantic organizations and institutions are in a state of flux. For us, there is no alternative to the European Community as an economic integration. However, in the view of the Republic Party, out of the security policy organizations—NATO and the Western European Union—it would be too soon to institutionalize our contacts with either of them. Rather, we should concentrate on establishing our ability as soon as possible to link to the already existing organizations and the possibly emerging new cooperations.

In our view, membership in the big integrations is a major issue that requires a referendum.

Zoltan Kiraly, Social Democratic Party of Hungary: For the country's security, the most important task is to improve and deepen the economic, political, and cultural links with the neighboring countries and the states of the Central-Eastern European region in a broader sense, and where this is not possible, continuously to handle the conflict.

In our view, relations with NATO are an important element of Hungarian security policy, but we reject all such attempts that would suggest the shifting of responsibility to somewhere else, in other words, attempts that "seek protection from others" instead of trying to solve the undoubtedly complicated problems.

It is timely to establish political and professional contacts with NATO, but not membership. A referendum will have to decide on membership.

MSZDP Leader Comments on Election Prospects

AU0205181394 Budapest MAGYAR HIRLAP in Hungarian 29 Apr 94 p 5

["G.Z."-signed interview with Zoltan Kiraly, chairman of the Hungarian Social Democratic Party; place and date not given: "We Speak of Accepting Government Obligations More Emphatically Than Anyone Else"]

[Text] Our elections series interviews the leaders of parties that have presented a national list on their programs and ideas. Today, we interview Zoltan Kiraly, head of the list of the Hungarian Social Democratic Party [MSZDP].

[MAGYAR HIRLAP] Perhaps one of the clearest characteristics of the MSZDP program is the extending of the government's role and responsibility to welfare areas. With the approach of the elections, many big parties are also trying to obtain votes by promising more social care.

[Kiraly] Indeed, social democratic values are also present in the programs of almost every political party. Even the major political forces in Hungary cannot avoid speaking against poverty, the steady deterioration of the real value of pensions, and unemployment. However, I do not see anything bad in this. I think that the more people speak of social democratic values, equal chances and justice, the more can be implemented. However, all these values appear in the MSZDP program much more markedly. In the struggle against unemployment, we would like to implement a policy of state investment protection that does not only rely on the development of market requirements and the good intentions of the entrepreneurs in creating new jobs. This policy also tries to create jobs by means of large-scale state investment. Our program speaks more markedly than any other about government responsibility to maintain the real value of basic pensions by adjusting them to inflation and providing state guarantees. We believe that education should be free of charge, from elementary school to college and university education. It is the obligation of the state to provide the fullest possible equality of chances in this area.

[MAGYAR HIRLAP] How would the MSZDP find funds for all this?

[Kiraly] The spreading of the welfare network requires much greater efforts and financial resources than many people thought. It has become clear now that the present government policy can no longer continue, namely increasing value added tax, income tax, and social security payments. We firmly claim, and we are not alone in this, that a review of Hungary's debt repayment has become inevitable. Negotiations must be initiated with the World Bank, the IMF, and representatives of governments affected by our debts. We succeeded in getting some kind of a debt repayment delay at the end of the 1980's.

[MAGYAR HIRLAP] You repeatedly criticized this government's privatization efforts. Actually, do you have reservations about the allegedly mistaken privatization process, or is the privatization itself unacceptable for the Social Democrats?

[Kiraly] There are considerable differences between our program and those of other parties regarding the change of property. We are interested in a broad change of property. In our view, this process has a moral part and also one that points to the future, one that provides the foundations of a bourgeois society. Privatization cannot be limited to even 1 million citizens. Privatization should affect broader social strata. Millions of employees and pensioners would like to get to at least 60 percent of the state property in one way or another, and the remaining 40 percent could go to local government bodies, universities, and colleges. It is possible to find a way to assert the principles of fairness and justice.

[MAGYAR HIRLAP] The coming elections will have a major effect on the future of social democracy in Hungary.

[Kiraly] If we can make it into Parliament in any form, we are already on the first step on the road leading there. I am convinced that our presence in Parliament will provide a stable point for the MSZDP in the political arena on which the party can rely. In the four years ahead of us, it is possible to lay the foundations for this party to have a chance of governing since the 1988 elections.

MSZDP To Support Socialists in First Round

LD0205195294 Budapest Kossuth Radio Network in Hungarian 1600 GMT 2 May 94

[Excerpts] In constituencies where the Social Democratic Party of Hungary [MSZDP] has not put forward its own candidates, it is going to support the Hungarian Socialist Party. Edit Schranz reports:

[Schranz] The MSZDP wants to establish a strong left wing in Hungary. Without a strong left wing, serious decisions cannot be made in parliament. Moreover, should the occasion arise, a strong left wing is needed to govern the country, party Chairman Zoltan Kiraly said. [passage omitted]

The MSZDP is planning to make a decision on where and with whom to conclude election agreements in the second round of the elections at its presidium meeting to be held on 14 May. In connection with this, Zoltan Kiraly also revealed that, with the exception of left and right extremists, they might conclude election agreements with other parties, including liberal parties. For that matter, the party asks the voters to vote for the Socialists' list in constituencies where the MSZDP does not have a party list in the first round, the chairman said. [passage omitted]

Horn Outlines MSZP Political, Economic Program

AU0205153894 Vienna PROFIL in German 2 May 94
pp 64-65

[Interview with Gyula Horn, chairman of the Hungarian Socialist Party, by Georg Hoffmann-Ostenhof and Gregor Mayer; place and date not given: "I Ask You: Is This Liberal?"]

[Text] [PROFIL] Mr. Horn, are we talking to the future prime minister of Hungary?

[Horn] I do not know. This question is of little concern to me. We say that we do not commit ourselves to anything regarding this question before we get the election result. If I am correctly informed, there are 11 candidates for the office of prime minister in this country. Why should we increase their number?

[PROFIL] Over recent months your party has gained a degree of popularity, which is surprising to many. Is it also surprising to you?

[Horn] It makes one feel rather good. One sees that one's own political work has meaning. We are dealing with questions of the social restructuring of the economy, for which there is no recipe and where we are treading on virgin soil. Nowhere in the world is there an example of such rapid and massive privatization. One must not deal with ideologies in this matter. We decided the ideological issues during the second half of the 1980's when we passed laws on the multiparty parliamentary system and urged associated membership in the European Community and when I stated at the beginning of 1990 that Hungary's security would be ensured within the framework of NATO.

[PROFIL] Four or five years ago most people would have assumed that the long communist rule would give rise to a long political quarantine for the Communist Parties and their successor organizations. Would you have believed at that time that you would get close to power so quickly again?

[Horn] Why do you use the term "Communist Party"? This is a term that is used by the right. I just want to remind you that on 7 October 1989 we founded the Hungarian Socialist Party (MSZP). This party broke with the old state party, not only in ideological and political terms but also in practice. Therefore, I reject the adjective "communist," even though I have never denied that I was a communist. But one can develop also in this region, and not only in the West.

[PROFIL] Let us turn to the future. You have an economic program that is expressly liberal on economics. In the Socialist International you would be on the far right wing.

[Horn] This statement is not correct. Why should a program be liberal that says that one must no longer

place the burdens of restructuring more or less one-sidedly on those who earn wages and salaries. Is a program liberal that calls for equal opportunities, that gives the state a greater role in the social field? I ask you: Is this liberal?

[PROFIL] So your party is not liberal. Is there anything on which you agree with the liberals, with whom you want to form a coalition?

[Horn] On the fact that the economy is in a disastrous situation. On the fact that the entrepreneurs are suffering under enormous taxes and burdens. However, this is also in harmony with the political ideas of the Socialist International.

[PROFIL] Thus, you would say that a government with socialist participation would be better for Hungarian entrepreneurs than a new edition of the current conservative government?

[Horn] Look, the majority of entrepreneurs have clearly indicated that they support the MSZP. For two reasons: First, they want competent people in the government and, second, they want a predictable government policy.

[PROFIL] Is this support from the entrepreneurs also due to the fact that some former communists have become capitalists?

[Horn] The majority of communists did not join us. Those who had middle-echelon posts in the former state party founded small shareholding companies; they are not the owners or managing directors of large companies.

[PROFIL] In all the eastern Central European countries there is the problem of how one can get out of the mess. Do you think that the privatization of the Hungarian economy must be slowed down or accelerated....

[Horn] It is not the speed that is the essential thing. In implementing privatization we would do two things in a fundamentally different way: First, we would once again make privatization subject to parliamentary control and, second, the point is not how much money a company is sold for—the revenue is mostly used to close gaps in the budget anyway—but that the new owner invests in modernization, preserves jobs, or creates them. The usual practice with the European Community is, however, that the company is closed down, the workers are dismissed, and the goods of the new owner stream into the country. Thus, in most cases a market is bought up, not just a company.

[PROFIL] Prime Minister Antall reportedly said on his death bed: "Only a Christian Hungary has a future." What kind of Hungary has a future, in your view?

[Horn] I was not present at Antall's death and, therefore, I cannot judge what he said. However, I know very well that most states in Europe do not define themselves as Christian countries. I believe that Christians and non-Christians, believers and non-believers, Hungarians and non-Hungarians all have their place in this country.

Today it almost looks as if those who are not Christians, who are not believers, are a kind of second-class citizens. This is nonsense and has nothing to do with a European attitude.

Bekesi Views MSZP's Economic Program

AU0305103194 Budapest NEPSZABADSAG in Hungarian 29 Apr 94

[Interview with Laszlo Bekesi, former finance minister and economic expert of the Hungarian Socialist Party, by Katalin Bossanyi; place and date not given: "We Cannot Allow Ourselves To Make Baseless Promises—Laszlo Bekesi on Crisis Management, Reform of State Finances, and Wage Compensation"]

[Text] According to Bekesi, the Socialists are in a unique position in the election campaign because they cannot allow themselves to gain votes through unfounded promises. The Hungarian Socialist Party's [MSZP] program is basically pragmatic and concentrates on handling the crisis. Bekesi thinks that he will not participate in implementing his program if he does not get support for it within his party and from the potential coalition partners, because for him, stabilizing the economy is the important issue, rather than personal and prestige consideration. I interviewed him on the details of the oft-mentioned reform of state finances, among other things.

[Bossanyi] We can witness a peculiar war of numbers: The opposition parties—including the MSZP—are claiming, supported by figures, that the country is in a worse economic situation than in 1990. However, the government parties claim that two different periods cannot be compared. What are your views on this?

[Bekesi] In my view, the two periods cannot indeed very well be compared to each other due to the character of the changeover to a market economy. However, it can be assessed what kind of room for maneuver the government is leaving its successor in the area of economic policy, at that time and now, and to what extent it is trying to depict the state of the economy as being better than it is. The three main arguments of the government's propaganda of success that can be observed are the following: "We are past the worst because industrial production is increasing, unemployment is decreasing, and we have high foreign currency reserves."

[Bossanyi] Are these statistical facts?

[Bekesi] These are facts that cannot be interpreted removed from the economic environment, and they are only really suitable for manipulating the public. Together with the increase in industrial output, it has to be known that this is mainly a delayed effect of the forced exports of 1992. On the other hand, the state is heavily overspending, which indeed creates more domestic demand, but also leads to an even more upset balance. As for unemployment, the proportion of people without work is much higher than the registered level,

and an increasing number of people are leaving the unemployment benefit system, which lays an extra burden on welfare policy. The fact that, along with this high level of unemployment, productivity has actually decreased in industry and agriculture in the past four years is one of the biggest traps. In the case of the 7 billion [currency not specified] foreign currency reserve, it has to be remembered that this is the central bank's, rather than the government's, reserve. It is more than a political misstatement to mention this as a reserve that can be used freely. I am not disputing that the relatively high level of the reserves has some advantages. The central bank has for some time been managing the Hungarian debt financing quite well. However, it is also part of this that they were perfectly aware that the bad balance figures—which are still bad—will shake the trust of foreign capital, therefore, it will be more difficult to get new money. No more agreements should be made with the IMF for this year. The new government will have to strive for at least two- to three-year financing agreements for its stabilization and modernization program. Therefore, the "success indicators" do not mean that "we are past the worst."

[Bossanyi] To what extent do all these factors determine the next government's room for maneuver, whichever government it will be?

[Bekesi] The fact that the structural change has not been implemented increases the social costs of the changes, and modernization decisions will have to be made while much fewer resources will be at the government's disposal. While society is waiting for the distribution of higher amounts and for the improvement of living standards, we have to introduce an economic policy based on accumulation and savings. If the conditions for modernization are not established then we will not have growth, either. That is why I am stating that the starting position is worse in 1994 than it was in 1990. According to my calculations, the 1993 trend will be continued and as much as 40 percent of the budget deficit will have to be financed from foreign resources. It is a further burden that while in 1990, the cost of debt servicing did not reach 8 percent in the budget, it will be 21 percent in 1994 and 25 percent in 1995. The value of the annual interest rate increase is 80 billion [currency not specified], which can destroy the budget.

[Bossanyi] The government has been continuously easing its monetary policy since 1992 while the range and level of state obligations has been increasing. How big is this legacy and what can the next government do with it?

[Bekesi] These are obligations that can be measured in assets, forints, and foreign currency. The first is the unfinished compensation, which is an almost 300 billion [currency not specified] state obligation that is to come out of the state assets. Although the Socialists have not agreed with the compensation laws from the beginning, guaranteeing legal security and strengthening the citizens' trust are decisive factors for us in this issue.

Therefore, if we come into a decision-making position, we will continue to meet the obligations affecting the assets. This is in spite of the fact that we know that this damages the conditions of market privatizations, lowers the [share] prices, and has an inflationary effect that cannot be neglected. However, we will not start new compensation.

[Bossanyi] Providing the large self-governing bodies with assets is also a pending issue.

[Bekesi] The social security obviously will not be able to receive majority shares—these have to be left to the professional investors—only minority ones that also have dividends. However, it will be difficult to find the financing for this from the current state assets. At the same time, the reform of health care and pensions cannot be implemented without this, and even the reform of state finances cannot be started. All these indicate what kind of restraints the asset management practice of the predecessors can create.

[Bossanyi] Do you also see debtor consolidation as an obligation that is forced to be continued?

[Bekesi] The new government will have to make a snapshot inventory because it will not otherwise be able to make decisions. The costs of consolidation can range from 300 to 600 billion [currency not specified]. According to unconfirmed figures, more than 120 billion in state guarantees also have to be added to this. And we have not even mentioned the state's obligations to the local governments. The state obligations calculated in foreign currency—for example through issuing bonds—also increase the burdens. All these form a determination chain that will really appear in the 1995 and 1996 budgets. I believe that these facts show tangibly that the government's scope for maneuver is smaller than it was in 1990.

[Bossanyi] According to this, whichever government comes to power, it will first have to perform crisis management, whether it admits to this during its campaign or not.

[Bekesi] Crisis management will have to be the first: The negative processes have to be dampened and stopped. However, the immediate restoration of the balance is an economic fiction. The second step will be strengthening the market institutions and deregulation, and the third—in close relationship with the previous factors—is establishing the conditions for lasting economic growth.

[Bossanyi] What would be the desirable process of crisis management?

[Bekesi] Restructuring the state finances—namely the oft mentioned but always postponed reform of the state finances—then completing the process of putting the banking system back on its feet, stopping the destruction in the agrarian economy, and recapturing some of the lost eastern markets.

[Bossanyi] What will be the measures to follow these, which will help growth?

[Bekesi] For example, these will be the improvement of the investment climate, a faster development of infrastructure, and the drawing up of a new privatization strategy.

[Bossanyi] Let us expand on one element of crisis management, the reform of state finances. Everyone keeps talking about this but the details are still not clear.

[Bekesi] Examining the state expenditure is the first task. This is not a slogan. Today, these expenses are many times greater than what can be tolerated by the economy, and they lastingly lead to the centralization and then redistribution of 60 percent of the gross domestic product. In the case of the undivided expenditure items—for example, administration, defense, and political or prestige spending—we have to expect an absolute cut. It is possible to make savings in a similar way in the case of the decentralized funds. The new program to be drawn up for managing the debts can also release resources. However, among the state expenditure, there is an area whose size cannot be touched, namely basic and middle level education, healthcare, and welfare policy. Another area—which is very broad, therefore I will only indicate it—is the one where the state and the user of the service have to share the burden of financing. These areas can be culture, higher education, sciences, sports, town development, and sewage and similar services in towns. The division of these costs will depend on economic development and on interest coordination in society. The third area is the one from where the state has to withdraw and the market demand has to decide whether these services are needed. I would include many functions of authorities here.

[Bossanyi] Would this mean that there will be less money for health care or welfare benefits?

[Bekesi] In the welfare sphere, the examination of the expenditure does not in itself mean the reduction of expenses, but it means a system of financing that is different from the current one. This can be achieved partly through expanding the insurance methods, and through basing the benefits on needs, rather than on fairness. It is very important to reconsider the role of the state and, on the other hand, the civic organizations, charitable organizations, and churches in financing these areas. They participate in education, health care, and welfare care; the question is what, out of these, can be placed on an entrepreneurial basis, and what can be financed by public funds. To achieve this, we will also need a good law on nonprofit organizations.

[Bossanyi] All this means that the reform measures can—temporarily—reduce living standards. According to your calculations, to what extent?

[Bekesi] We are calculating with a three-year reform concept. This can mean a 4 to 5 percent reduction in public consumption and in net incomes, out of which 50

percent has to be compensated for. My view is that, in basic provisions, all of the lost amounts have to be returned to the affected areas, for example in the form of pension increase, a welfare benefit increase, or family supplement increase. In the case of active workers, this will be up to a certain level of income.

[Bossanyi] From what will you finance all this?

[Bekesi] From reducing the other state expenditure. Therefore, only 40 to 50 percent can be saved from the program to reduce the expenditure.

[Bossanyi] Is the social pact enough for this?

[Bekesi] Not in itself. We need a coalition government with a large majority that will support this program at the outset and will carry it through consistently to the end.

[Bossanyi] What will guarantee to the social partners that the government will adhere to the agreement?

[Bekesi] Partly, the new system of interest coordination. In my view, the various reform measures must not be taken to parliament until the agreement on the social pact is achieved.

[Bossanyi] When your concept is criticized—even within your party—the usual argument is that it is too restrictive, it only concentrates on the balance and does not sufficiently take society's ability to accept this into consideration. In fact, it is also said that this economic policy program is not typical of a socialist-social democratic party.

[Bekesi] I believe that the Socialists are in a unique position among the parties running in the elections: We cannot allow ourselves to gain votes with unfounded promises. As for the program that I drew up, indeed it is usually called social-liberal. In my view, in these days, there is no point in putting ideological labels on crisis management. We need pragmatic programs that can be implemented. It is true that a softer program could also be drawn up, but the sad truth is that it would not achieve the goal. Without restoring the balance and without stabilization we will not have growth. Anyone who is trying to tackle the problems in the opposite order—whether through a complete or a half turn—is deceiving himself and society. If we cannot stop the deterioration of the balance then we will face payment problems at the end of 1995 that would lead to a dramatic decline. If the deficit continues to increase in proportion to the GDP then a galloping inflation will be the result. Let us be clear: Both negative processes can be stopped. However, not through growth promises as it is being done by the Hungarian Democratic Forum and the Federation of Young Democrats.

[Bossanyi] Does this also mean that you will not sign your name to the program if the crisis management is not started in the order you consider professionally justified?

[Bekesi] For me, the possibility to implement this program is not a personal or prestige issue. I am convinced that I have suggested the economically most rational solution and precisely because of the narrow roads, I cannot see any other feasible way. Therefore, if I do not receive support for this within the party or, in a given situation, from the coalition partners, then I will not attempt to implement it. Not because of the possible professional failure, but because I do not wish to participate in forming an economic policy—neither actively, nor as an accomplice, watching from the sidelines—that might ring nicer in the ears of the electors but causes the deterioration of the economy and of the situation of the whole society in the long run.

Workers Party Leader on Election Prospects

AU0205195094 Budapest MAGYAR NEMZET in Hungarian 29 Apr 94 p 7

[Interview with Workers Party Chairman Gyula Thurmer by Gabor Moricz; place and date not given: "We Are Following Our Own Road"]

[Text] There is a political party in Hungary today that is not one of the many parties, but a single such party. However, this party is no longer that party. This party cannot be called "the party." This is only a party that can make it into Parliament if it is successful in the elections. It seems that it has all the chances to make it into Parliament. We spoke about this with Workers Party Chairman Gyula Thurmer.

[Moricz] Only 0.32 percent separated your party from parliamentary membership in the 1990 elections. If you had presented a Pest county list at the time, you would have made it into Parliament. Now, you have presented 156 individual candidates and you also have all the district lists. What percentage are you counting on at the elections?

[Thurmer] Even on the basis of mathematical logic, one can presume that the Workers Party will make it into Parliament. With a realistic optimism, I am hoping for 7-8 percent of the votes.

[Moricz] You mentioned 5 percent in February. Does that mean there has been an increase in support for the Workers Party?

[Thurmer] There is definitely an increase in support for our party. We hope to be successful in the first round. I think we can justifiably hope for 5-8 percent of the votes; of course, miracles can also happen.

A Formal Freedom of the Press

[Moricz] According to a survey carried out by the Szonda Ipsos in January this year, 8 percent of the people surveyed thought that Gyula Thurmer was the chairman of the Hungarian Socialist Party [MSZP]....

[Thurmer] I suspect the pollers are not so much interested in the people's opinions; they are much more

interested in influencing them. Fortunately, the pollers themselves refrain from suggesting that the Workers Party will not make it into Parliament. Thanks to the brainwashing carried out by the Hungarian Democratic Forum [MDF], freedom of the press in Hungary is only formally present. We are only beginning to receive the amount of radio and television time we deserve now on the eve of the elections.

[Moricz] So you do not accept the fact that many of your voters do not even know whom to vote for.

[Thurmer] That is possible, but these people mostly vote for the left; at most, they hesitate between the MSZP and the Workers Party.

[Moricz] In your opinion, what is the difference between these two parties?

[Thurmer] The MSZP accepts capitalism, while the Workers Party does not. I also welcome the success of the MSZP.

[Moricz] On your visit to Salgotarjan in connection with the news of the arrest of two former policemen, you again called for a halt on political trials and for immunity to the future deputies. Does that mean that there are former members of the III/III department and former policemen among you?

[Thurmer] This is not the point. There is no sense in political trials because their goal is to threaten people and show power. Instead of the district commissioner, a 15-20 member action group took an unfortunate pensioner in Nograd to the police, although he would have gone to the police alone.

[Moricz] In other words, you agree with the moral administration of justice and you only disagree with its implementation.

[Thurmer] No, I do not agree with this. The law on the administration of justice itself is bad. The issue of the 1956 uprising should be left alone because no justice can be done here. There were two sides on the barricades, and the one who stood on one side of the barricade will never see events the way the one who stood on the other side sees them. As for the members of the III/III department and the former police, they are not among us but among the deputies of parliamentary parties.

[Moricz] You often said that the Kadar regime was more honest and better than the current one. What is your opinion on Kadar's declaration in the course of the retaliations following the 1956 revolution, according to which the counterrevolutionaries should be hanged en masse.

[Thurmer] I do not know whether Janos Kadar said this.

[Moricz] There are written documents attesting to this, Hungarian Television presented these documents, and one can read them in the report of the Kahler committee.

[Thurmer] The Kahler committee is not a source for me.

[Moricz] A protocol was prepared on this declaration.

[Thurmer] This has no importance today. Obviously, many people said many things about 1956 at the time. We should not deal with this. I do not understand the timeliness of this issue. After 38 years, why is it interesting for MAGYAR NEMZET to ask the chairman of a party about what the chairman of a former party said?

[Moricz] Because the chairman of this party said the Kadar regime was more honest and better than the current regime.

[Thurmer] I continue to claim that the Kadar regime was more honest and better. This does not depend on a quotation but on the way people lived then.

[Moricz] A considerable number of people fled the country and many people were imprisoned.

[Thurmer] That is not true. The Kadar regime gave most people more and better chances than the current regime.

[Moricz] In other words, the Workers Party is conducting a policy that does not take into consideration how certain parts of society are living.

[Thurmer] This is more characteristic of the current regime. We do not want to repeat Kadar's policy, but the results achieved in the past decades must be preserved.

Yes to Socialism

[Moricz] One of the pet subjects of the Workers Party is that it does not want the Boross-type Christian national capitalism, or the Horn-Nagy-Bekesi-type of rose capitalism, or Kuncze's liberal capitalists either. At the same time, your party says that Sandor Nagy is only a rival and not an enemy, and the party has signed an agreement with Nagy's National Federation of Hungarian Trade Unions [MSZOSZ].

[Thurmer] We signed an agreement with the workers' platform of the MSZOSZ, and not with Sandor Nagy. The fact that such a platform could emerge shows that there are many left-wing people in the trade unions who are seeking the policy of the Workers Party. We do not want any type of capitalism.

[Moricz] Is socialism your distant goal?

[Thurmer] Of course.

[Moricz] However, you said you were not in favor of restoration.

[Thurmer] When socialism is created in Hungary, this will be a historical progress, rather than restoration.

[Moricz] You nevertheless supported the forces representing the restoration of the old regime during the coup attempt in Russia.

[Thurmer] I do not know whether these forces supported restoration. On thing is certain: Even the U.S. President would pray for the united Soviet Union that we too support, but it is too late.

[Moricz] You said earlier that joining the Partnership for Peace program would have Hungary drifting into the Yugoslav conflict. Do you continue to believe this now that Hungary has joined the program and after meeting President Milosevic?

[Thurmer] Hungary does not have to drift into the Yugoslav conflict: We are already in it. We take part in the economic sanctions directed against Yugoslavia. The Hungarian Government also rejected the latest idea of the Romanian, Greek, and Bulgarian governments to lift the sanctions. Except for its steps coordinated with the West, the Hungarian Government has not taken any individual foreign policy initiatives. This is the policy of the last ally, and this has never led to anything positive in Hungarian history.

Hypocritical Law

[Moricz] To the disapproval of the West, Peter Boross demanded that AWACS aircraft refrain from directing military attacks from Hungarian airspace.

[Thurmer] Peter Boross' declaration had no importance whatsoever, because it is not the Hungarian Government that decides on the deployment of these aircraft. Besides, the positive things achieved in Hungarian-Yugoslav relations are being spoiled on the other side: [Foreign Minister Geza] Jeszenszky goes to Belgrade, but one month later he celebrates the anniversary of 15 March in Vojvodina, and he also takes short trips to Bosnia and Croatia.

[Moricz] Does that mean that one should not go to Vojvodina after Belgrade?

[Thurmer] After Belgrade yes, but not on a separate occasion, and not on 15 March, and particularly not on this 15 March. The ethnic Hungarians living beyond our borders should not be involved in the election campaign. The question is much more complex. The Hungarians are able to celebrate the anniversary of 15 March perfectly without Mr. Jeszenszky.

[Moricz] You also criticize this government's national minority policy within our borders. You recently apologized to the national minorities in Hungary for this government's mistakes. You claim that this government's national minority policy is bad because it encourages the national minorities to create efficient organizations. In reality, it wants to hinder their unity with this. Do you seriously believe this?

[Thurmer] Everything that is good in the situation of national minorities in Hungary has already been good so far, and the new things are bad. The general situation is worse in areas and counties with national minorities. The national minorities have more rights in the sense that they can set up self-government bodies, but no one knows what will happen to these bodies and whether there is the money for them. The law is hypocritical from the outset, because the law that was eventually adopted is not the one sent to the European Parliament.

[Moricz] In your opinion, the national minorities also think that the Kadar regime was better for them. Did your talks with these people convince you of this?

[Thurmer] Of course.

[Moricz] Whom do you regard as a personal example among the major leaders of the workers' movement?

[Thurmer] I do not have models.

[Moricz] ??? [punctuation as published]

[Thurmer] I follow my own road and we follow our own road. That is the most reliable one.

Solidarity Public Sector Workers on Alert*LD0205140894 Warsaw PAP in Polish 1317 GMT
2 May 94*

[Text] Warsaw, 2 May—The national strike committee of the Independent Self-Governing Trade Union [NSZZ] Solidarity of Public Sector Employees decided today to declare a strike alert. It will not take an immediate active form, and there will be a 24-hour notice on the commencement of industrial action, Ewa Tomaszewska, chairwoman of the strike committee said at a news conference in Warsaw.

She also said that the committee's decision on further measures will depend on whether or not the demands of the public-sector employees are included in the schedule of work on matters awaiting solutions, which had been submitted by Solidarity. The schedule is to be prepared by the Tripartite Commission for Socioeconomic Affairs. The commission is due to meet in Warsaw on 4 May.

Minister on Popular Gains From Privatization*WS0205130094 Warsaw TRYBUNA in Polish 30 Apr-
3 May 94 pp 1, 19*

[Interview with Ownership Transformations Minister Wieslaw Kaczmarek by Jerzy Sieradzinski; place and date not given: "What Do Working People Get From Privatization?"]

[Text] [Sieradzinski] Is it not a paradox that, on the eve of the May Day holiday, here I am, talking to you, a representative of the Polish left wing, about privatization—that is to say, about dismantling remnants of the old era that displayed a preference for "social ownership of the means of production," which, in practical terms, meant a ubiquitous domination of state property?

[Kaczmarek] I am not sure whether it is a paradox or rather a certain factual logic in the sense that we, members of the left wing, are searching for new possibilities of society's economic and civilization-related progress. We want to develop our economy in a more cost-efficient, faster, and efficient manner, compared with our predecessors.

Of course, some people perceive privatization only in the black colors of transplanting capitalism, whereas I also see in privatization many positive aspects, which, for instance, are about social enfranchisement. I am convinced that, if privatization is conducted in a reasonable manner and is based not on principles of doctrine but on criteria of efficiency, such privatization has a very tangible positive employee aspect.

[Sieradzinski] Mieczyslaw F. Rakowski has described this sort of reasoning as "social democrats wearing liberals' pants...."

[Kaczmarek] I read his article in POLITYKA, and I must say that the author, who, after all was a liberal in his own time, stopped developing his views in 1989. In the time that followed, my generation of the social-democratic left gained

many new experiences. We went ahead, and it is hard to accuse us now of also having changed our views on the issue of privatization. I am convinced that our electorate—and keep in mind that we are a party of employees—has also changed its position on privatization. It no longer has the hostile or unfriendly position that many of us had four or five years ago.

The people understand the fact that we have taken it upon ourselves to attempt to build an economic and social system that will allow us to render Poland part of the European arrangement, which will be efficient and competitive and will result in monies for the implementation of social programs. In my view, that is the entire social democratic concept. Privatization is only meant to be an instrument in its implementation.

[Sieradzinski] To me, the most important question is this: What do people who work in enterprises that were state-owned yesterday but that, beginning today, become private property stand to gain from this? Do these people not feel like they are just an appendix to the entire transaction?

[Kaczmarek] This is a fundamental issue to me, as well. True, the ministry I run implements just a third of ownership transformations taking place in Poland, and it would be hard to hold me accountable for everything that happens in that field, but I can assure you that three things are the most important to me: First, that the State Treasury obtain a decent price for enterprises being privatized. Second, that the enterprises be transferred to good hands, which implies a detailed description in the contract of the obligations of the new owner vis-a-vis the enterprise, contributing additional capital for investment and modernization, securing new markets, and so forth. A third very significant element of our privatization contracts is made up of social issues.

The issue is about guarantees of not carrying out personnel cuts in a specified time period, establishing new jobs, prospects for salary raises, and observing many other rights acquired by employees in the past.

I want to stress that this is a specific trait of our privatization process. When you look at the eastern provinces of Germany, you will see that such contracts do not encompass social obligations. The fact that, for instance, the new owner of the "San" company in Jaroslaw guarantees the employees that there will be no personnel cuts over the next four years—that is of enormous significance to those employees.

Tell me, can you think of a state-owned company where employees have guaranteed employment for at least a year? The example I gave you is not an exception. In an overwhelming majority of enterprises that were privatized recently, the investors took upon themselves an obligation to not make personnel reductions, to increase employment, and to raise salaries by 20 to 30, or even 50 percent.

[Sieradzinski] What if these guarantees turn out to be nothing more than a piece of paper?

[Kaczmarek] There are penalties contained in contracts for failure to meet obligations. In very flagrant cases, it is even possible to invalidate the transaction signed. I can assure you that we will use all legal means to make sure these provisions are observed.

[Sieradzinski] You are trying to convince me that employees should do nothing but be happy about privatization, but we know that that is not actually the case. Take the case of the Walbrzych "Porcelana" factory, the Warsaw "Polkolor," or the infamous firing of women who happened to be on maternity leave when the Compact Car Plant signed a joint-venture agreement with Fiat.

[Kaczmarek] This confirms the argument that any generalizations are dangerous. Employees in Kwidzyn, Jaroslaw, the Warsaw "Wedel" company, the Szczecin shipyard, and dozens of other companies have a completely different view on benefits accrued from privatization. Because they finally have a genuine owner instead of a state official exercising ownership supervision from high above on behalf of the State Treasury, the situation of those enterprises—and the feeling of social security of their employees—is incomparably better today than before privatization.

What also improves is the overall work environment; I mean cleanliness and order in working halls or at construction sites. Lunchrooms, cloakrooms, and uniforms for employees—they all look different now. That also counts.

Of course, a lot depends on whether foreign investors entering the Polish market intend to make links to it permanent and to establish in Poland a modern basis for the development of production or whether such investors regard the Polish market purely in terms of an easy outlet for selling merchandise or services and a place with a relatively cheap labor force. I can assure you that there are increasing numbers of cases of serious investors who can see their future in our market for many years to come.

[Sieradzinski] You mentioned the Szczecin shipyard where, to my knowledge, at least, a managerial/employee contract for managing the company was extended at the end of March of this year, and not everyone was happy to see that. Why is that?

[Kaczmarek] I paid a visit there recently, but I can only guess what reservations voiced by various "advisers" may be all about. One must get it out in the open: It so happens, historically speaking, that every one of our shipyards has its own political sponsor or "patron." Any attempts at reform encounter particularly strong resistance in those places.

As for the Szczecin shipyard, a managerial contract was signed as early as 1992, and it was just extended because it proved extremely beneficial for the company. Let me remind you that, at the end of 1991, all the shipyard had was just one order to build a ship. Right now, its portfolio of orders amounts to approximately \$460 million.

It is the only shipyard where the time period to build a unit was reduced to 12 months. With 6,000 employees, the shipyard's production level is double that of the two remaining shipyards, where 16,000 people are employed in total. As the only shipyard in the entire domestic shipyard industry, the Szczecin company pays its debts to its creditors, and its employees make much better money than in Gdansk or Gdynia. These are the facts and nobody can question them.

[Sieradzinski] Rumor has it that there are even plans in the shipyard to establish its own retirement pension fund.

[Kaczmarek] I have suggested to the employees that a kind of employee trust fund be established that could be devoted to paying out increased retirement pensions. I think that this kind of long-term capital investment may be beneficial for both employees of companies being privatized and the state budget. After all, the state could possibly support such initiatives through a system of tax breaks—that would be beneficial to public finances, out of which huge amounts are currently spent on subsidizing an inefficient and costly insurance system.

[Sieradzinski] Is the variety of establishing organs [organ zalozycielski] that represent the State Treasury's interests not an obstacle to you in coordinating the process of ownership transformations?

[Kaczmarek] The issue is not even about the fact that we have over 70 establishing organs. What is important is whether branch ministries are dealing with developing developmental strategies for a given branch, with defining rules of the game among economic units, or whether these branch ministries are trying to mainly execute their ownership functions, without a strategy that an owner should have.

Against this background, there have emerged quite a lot of doubts regarding distribution of powers between my ministry and several other ministries, such as agriculture, foreign economic cooperation, and industry. My view is that I should be responsible for the entire privatization process, while my colleagues in charge of specific sectors of the economy should exercise their ownership functions mainly through preparing developmental strategies for the branches that different enterprises could join, regardless of their ownership type.

[Sieradzinski] There is talk that it is precisely this dispute that caused a delay in the government's presentation of a privatization draft law within the framework of the Agreement on State-Owned Enterprises.

[Kaczmarek] I cannot deny that, even though that was not the only reason. The issue was also about enabling a prior debate by the government on a draft for transforming large and medium-sized enterprises into capital companies [spolki kapitalowe] controlled by the state (a new form of commercialization). We are past that stage right now.

There is no denying that another reason for the delay in preparing the law was that it is very hard to "tinker" with a

document as important as this one without a deputy prime minister responsible for the economy. My assessment is that a governmental draft law on privatization, which would constitute the basis of the Agreement on State-Owned Enterprises, will find its way into the Sejm at the end of May.

[Sieradzinski] What is the importance of a set of four programs that have been worked out by your ministry and debated recently by the government?

[Kaczmarek] We have proved to our critics that, after learning about the effects of privatization implemented by the previous governments up to now, we have our own idea for putting the process in order. Let me remind you that the issue is about:

- Transforming large and medium-sized enterprises into state-controlled capital companies, introducing a formula for employee management and comanagement that would be different from what it has been up to now.
- "Fast sale" of the greatest possible number of small and medium-sized enterprises (employing up to several hundred people) to employee companies [spolka pracownicza] and to other economic units.
- Improving the process of managing state-owned enterprises, which means abandoning bureaucratic management and replacing it with parameter-based management accomplished through capital structures.
- Setting in motion processes that will serve to improve the structure of public finances, especially in the area of social expenditures, such as health and retirement insurance.

[Sieradzinski] That is indeed quite a program, when you consider the accusations being levied against the coalition of having slowed down the rate of privatization, or of having stopped it altogether.

[Kaczmarek] Such views do not correspond to the truth. According to the report, during 1993, which was a good year for ownership transformations, a total of 364 privatization projects of various magnitudes were carried out. We have already implemented 86 such projects during the first quarter of this year, which is one-fourth of last year's amount. Apart from that, eight emission drafts have been presented (there was a total of three in all of 1993). We are preparing about 100 enterprises to be transformed into share companies [spolki akcyjne] in connection with conciliation proceedings with banks—we did not have that last year at all.

The program for setting in motion that National Investment Funds is reaching its final stage. We will be able to announce, probably at the end of June, that, for instance, an "alpha" fund is being managed by "B" company, with a governing board made up of the following people....and also

that the particular fund includes enterprises number 1 to 30, and so forth. This will allow us to begin distributing participation certificates [swiadectwa udzialowe] at the end of this year and the beginning of the next one.

Really, a lot is happening right now, and to speak about a slowdown in the rate of privatization is just another case of political "setting at odds." But, first of all, it is to the previous coalition that I "owe" the bad—outright disastrous—atmosphere surrounding privatization. I spend a majority of my time cleaning up after the past. So I am even more surprised with the easy-sounding nature of critical remarks addressed by former Minister Janusz Lewandowski regarding the current privatization process. You could really use some humility, Mr. Minister!

[Sieradzinski] So you can see no danger at all that privatization could bring about?

[Kaczmarek] Yes, I can see such dangers. I am, for instance, afraid that privatization of a group of enterprises might cause disruptions in the traditionally established connections with domestic producers from other branches.

The privatization by foreign investors in previous years of enterprises, producing detergents and other chemical products for households, led to a Kielce-based container plant suddenly losing its orders. The same thing may happen in the case of privatization of a large plant producing food concentrates. It will turn out that a large domestic glassworks no longer has orders for jar production, and, therefore, one will have to eliminate the plant.

Only coordination of privatization measures by just one ministry can shield us against the consequences of such decisions, with the ministry basing its decisions on an analysis of impact not just within a particular branch but taking the whole economy into account.

[Sieradzinski] When you were accepting the post of privatization minister, were you aware of the scale of responsibility you agreed to take upon yourself?

[Kaczmarek] The examples of my predecessors prevented me from forgetting that. I promised myself that I would not promote the kind of privatization that would bring to mind economic scandals, deteriorating work conditions, or investors neglecting the duties they took upon themselves.

I want privatization to become a process of enfranchisement of society, to contribute to limiting unemployment, and to provide a strong developmental incentive to the economy. Only then will we feel the positive impact of privatization. I will do everything in my power to keep this promise.

[Sieradzinski] Thank you for the conversation.

Iliescu Stresses Desire To Join European Union

AU0105162494 Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 30 Apr 94 p 3

[Article by Matthias Rueb: "Romania Is Looking For Close Ties With the European Union"]

[Text] Bucharest, 29 April—Romanian President Iliescu hopes that his country will receive financial compensation from the United Nations for about 12 billion German marks in damages that it suffered as a result of sanctions against Serbia and Montenegro. The sanctions against Libya and Iraq, however, demonstrated that neighboring countries of the isolated states that suffered most did not receive any compensation. For Romania this means that, in a time of transition, which is difficult in itself, it has to cope with the loss of one of the most important and most developed trading partners and the blockade of many transit routes by itself, Iliescu said in an interview with this newspaper.

The future integration into the military and political alliances of the West remains an important foreign policy goal for Romania. Iliescu hopes that the association agreement between Romania and the European Union [EU] will be ratified by all EU member states by the end of this year. Bringing Romania close to the EU as an associated member is an important step for his country on the path toward full EU membership. In restructuring, Romania expects "economic partnership" with the developed Western countries. In the West much is being said about economic aid. Romania does not need charity but "normal, equal conditions for access to loans and modern technology" to stimulate the dynamism of economic growth in the East, Iliescu said. "We will be able to solve the problems here and in the West only together," the Romanian president stated.

Asked about the thinking in terms of so-called spheres of influence, which has become popular again recently, above all in Russia, Iliescu answered that the view, gained from historical experience, that there are big powers that determine politics and economy must be eliminated from the mentality of international politics. "We need a new democratic climate also at the international level, at the level of relations between the states, be they big or small," Iliescu demanded.

Regarding Romania's relations with Moldova, one must distinguish between historical ties and a new political reality, Iliescu said. At a "referendum" in March in the former Soviet Republic of Moldova, where two-thirds of its 4.5 million inhabitants are Russians, a majority voted for independence and closer ties with the CIS. Even though there are common roots, a common history, and a common language between Moldova and Romania, the existence of an independent Republic of Moldova, which owes its independence to the collapse of the Soviet Empire, is "a definite reality." From the very beginning Romania has supported the independence of "this second Romanian state." Iliescu expresses understanding for the efforts of the government in Chisinau to

cultivate and expand the developed economic relations between Moldova and the former Soviet area as well as to establish normal political relations with its eastern neighbors.

In the Romanian president's view, it has been possible to stop the negative economic development in the country. For the first time in years of production decline, one can expect zero growth in 1994, Iliescu assumes. Last year all negative processes of structural change from the planned economy to the market economy accumulated: Today Romanian industry is working at about half-capacity. In contrast to the general assumption, Ceausescu's ambition to repay all of Romania's foreign debts did not bring the country any advantages but only disadvantages on the path toward a market economy. First, because the country and its infrastructure were impoverished as a result and, second, because as an unknown debtor Romania has greater problems getting foreign loans than its competitors on the money market.

Combating inflation, which was about 300 percent last year, and unemployment, which is 11 percent, is still the top priority of economic reforms. The "internal convertibility" of the leu, which was introduced a few weeks ago, has managed to make its exchange rate vis a vis Western currencies relatively stable, so that now there are hardly any differences between the official exchange rate and the black market rate. In addition, further "fiscal policy discipline measures" have meanwhile contained the inflation-promoting consequences of the introduction of value-added tax and the raising of the energy prices. According to Iliescu, the monthly inflation rate is now between 6 and 8 percent; the 1994 annual rate might be between 70 and 80 percent, according to the forecasts. The year 1994 will be a difficult one for the people and individual companies. Two periods of drought did great harm to agriculture so that in 1993 Romania was forced to import even wheat. Iliescu expects a slight improvement in the microeconomic situation at the end of 1994 at the earliest.

Asked about the problems of the former Romanian King Mihai from the House of Hohenzollern-Sigmaringen in connection with entering the country, Iliescu tersely answered that Mihai may enter the country as a private person at any time. The former king had planned to travel to Romania for the orthodox Easter celebrations. Any trip by Mihai to Romania is a problem only if it serves as an excuse for social unrest.

In the Romanian president's view, relations between Romania and Germany are good. The signing of the German-Romanian treaty of friendship and cooperation by then Foreign Minister Genscher in Bucharest in April 1992 is the clearest sign of that. Germany supports Romania in its desire to become a member of the EU and NATO. At the same time, however, Iliescu hopes for additional economic and political signals from Germany. In Bucharest government circles one hears surprisingly often words of disappointment about the fact that high-ranking German politicians seem to ignore

Romania on their trips to reforming countries in Central Europe. Bucharest has in vain waited for a visit by the chancellor since the revolution in December 1989. The last German chancellor to visit Romania was Kohl's predecessor Schmidt, who traveled to this country in 1978.

Coposu Discusses 'Cooperation Government'

AU0205105794 Bucharest *CURIERUL NATIONAL* in Romanian 25 Apr 94 p 3

[Interview with Corneliu Coposu, chairman of the National Peasant Christian-Democratic Party, by Irinel Radulescu and Ralu Filip; place and date not given: "The Solution to Our Overcoming the Crisis Is a Cooperation Government"]

[Text] [*CURIERUL NATIONAL*] For a start we would like to ask you to make an assessment of the current political situation.

[Coposu] Currently our country is facing an economic crisis that is close to a catastrophe. One could say that it has entered the phase of economic collapse. In my opinion, however, the principal crisis is the moral one. Besides the political and social crisis, besides the economic one, which everyone perceives, I believe that the gravest crisis currently facing Romania is the moral one. That crisis has been caused by the postrevolutionary governments' obvious inability to direct the country toward the restructuring of its democratic institutions and the establishment of a free economy. All the attempts made by the governments that have been ruling the country since December 1989—which all lacked a program and which tried to compensate for their failure in administering public affairs by supplying economic-social program strategies, that is, in practical terms, merely a listing of goals—have failed to yield any positive results. On top of that, it was all followed by a series of bills of a Marxist-Leninist nature that made the government look like a new hardline communist *nomenklatura*. All the bills there have been have loopholes and present a series of deficiencies that became obvious after those bills became effective. For instance, in 1990 they refused to elaborate a bill on the restitution of land. Now they are refusing to elaborate the bill on the restitution of urban real estate. I mean, they promoted imperfect laws, beginning with the Constitution. This situation, interwoven with their lack of political will to implement democratic reform and the transition toward market economy has generated this crisis....

[*CURIERUL NATIONAL*] You asserted that all post-December bills have loopholes. This takes us by surprise, considering that some of them were sanctioned by the representatives of the PNTCD [National Peasant Christian-Democratic Party] and, generally, by those of the CDR [Democratic Convention of Romania] as well....

[Coposu] That is right, the opposition representatives have not always adopted negative-oriented stances. Among the hundreds of negative things it has done, the

government has also managed to accomplish certain good things that enjoyed the opposition's support. Ours is a firm stance, as we already asserted when the current government took office. We promised that we would support all democratic initiatives, everything that stands for progress and is directed toward establishing democracy. This is why we have always reacted positively to all signals that indicate a tendency toward democratization and privatization. We have opposed, however, all attempts—which, as a matter of fact, eventually succeeded owing to their majority in parliament, which is ensured by the extremist parties—that oppose democracy and the rules of the market economy. One such example would be the taxes foreseen for the farmers' incomes. Such taxes represent a tremendous gaffe, and will have serious consequences upon the government. It is a gaffe in which we played no part, but rather walked out of parliament hall so that we could not be connected, even indirectly, with that abhorrent law.

[*CURIERUL NATIONAL*] Let us return to the crisis. In your estimation, how could it be overcome?

[Coposu] There is no way out of this crisis other than by altering the structure of the majority in parliament and by the government's expressing and also implementing its will to accomplish reform. Currently no such will is available, and we are turning about and about in a vicious circle of positive affirmations and praiseworthy intentions regarding reform, but which, however, are never applied in practice or followed by concrete steps intended to achieve transition. How can we overcome this crisis? In my opinion, considering the lack of will on the part of the executive bodies and, especially, of President Iliescu to renounce his monopoly over the authority he very firmly holds in state matters, all negotiations with the opposition are useless. They are merely a waste of time.

[*CURIERUL NATIONAL*] Today quite a number of political analysts consider that the opposition made a mistake after the elections held in the fall of 1992, when it rejected the PDSR's [Social Democracy Party of Romania] offer to jointly set up a coalition government. Similarly, now they are also criticizing the then intention of the CDR to push the PDSR into the arms of the left wing and the nationalist-extremist parties. What is your opinion on this?

[Coposu] The reason for our refusal was different. Accepting the responsibility of ruling means to have access to the levers of power and to be able to implement one's own program. The experience of the PNL [National Liberal Party] was eloquent in this sense, as they participated in the Stolojan cabinet without being allowed to appoint any of its members as public servants. I mean, if they put at the opposition's disposal the office of interior minister, for instance, and give that person a ministerial salary, a chauffeured limousine, and a villa in the Primaverii district, the problem will still remain unresolved. Such a minister should be given full authority to reorganize its ministry down to the lowest

level. Otherwise the supporters of neo-communism in his ministry might resort to sabotage.

What we asked for could easily have been fulfilled. We asked for full authority to implement their programs for all portfolio holders of the ministries entrusted to the opposition. They, however, refused. We said: "If you do not wish to share power with us, you cannot share responsibility either, so why don't you keep it for yourselves alone. As long as you behave democratically, we will support you. The moment you come up with law-making initiatives that endanger democracy, we will stop supporting you." Thus, they denied us access to the levers of power. Under such circumstances, we could not cooperate with them. My party cannot participate in a government with three ministers while power is actually held by Mr. Iliescu.

[CURIERUL NATIONAL] Are you really convinced that Mr. Iliescu has full control over PDSR?

[Coposu] No, I am not. But he is inclined to wish to control the progress of life in all domains of activity down to the minutest detail. Such is his tendency, but I have no way of knowing the extent to which he is also being sabotaged by his own party, the former Securitate, and the current SRI [Romanian Intelligence Service].

[CURIERUL NATIONAL] You said that the solution to overcome the crisis would be to alter the majority in parliament. How could that be achieved?

[Coposu] There are two angles to this issue. First, I believe it will be very difficult for them to continue ruling with the current parliament. I consider it similarly difficult to achieve a different majority with the political spectrum currently existing in parliament. And yet, how could a different majority still be achieved? By means of a future cooperation, rather than an alliance government. Cooperation is something that could be done even by political groupings with contradicting programs and diametrically opposed ideologies. What does cooperation mean? It means the temporary cessation of the parties' own initiatives, on the basis of a minimal program, accepted by everyone, and intended to overcome a difficult moment that has emerged in the ruling of the country. Therefore, theoretically speaking, such cooperation could be achieved by the PDSR's appointing a number of its own delegates, which should be in accordance with the people's updated option, while, on the other hand, representatives of the opposition parties should be appointed, similarly, in accordance with the proportion held by each of those parties in the people's updated option, all those representatives ensuring the functioning of a department each. All departments should be left entirely to the care of their leaders, without any meddling on the part of any of the other factors. After having attempted to overcome the crisis situation, a balance is to be drawn up to single out all those who have not complied with their duties and to make them assume responsibility for their inability to govern. This is what cooperation means. And it could be

achieved if the group of the moderates within the PDSR were stronger and could impose its point of view on the group of radicals. However, currently the radicals are terrorizing the moderates and compelling them to submit to the measures they dictate. The best proof of this is the fact that persons who were considered moderates, under the terror of the radicals, meanwhile changed their stance and have swung to the other extreme. Mr. Adrian Nastase [executive chairman of the PDSR] has become more radical than the radicals themselves, because he knows that the majority of the party tolerates him merely because of Mr. Iliescu's insistence. If the group of moderates could impose its own views, then they, together with the opposition and perhaps with the PD-FSN [Democratic Party-National Salvation Front], of which I do not know whether they would participate or rather merely support such a government, the alteration of the parliamentary majority could be achieved.

[CURIERUL NATIONAL] Lately you have frequently mentioned the idea of holding early elections. On what grounds do you venture to make such assertions?

[Coposu] I see no way in which the current parliament could go on functioning until the mandate entrusted to it by the nation expires. And it is my belief that if no early elections are to be held this fall, they will certainly have to take place next spring. Early elections are always determined by the inability to overcome crisis situations. Well, our current government does not even have a program to overcome the crisis. Look at their [1994] draft budget.... It is full of nonsense and illusory provisions. It hopes for state spending to be covered by borrowing 800 billion lei from the nation. I wonder, will anyone in Romania be ready to credit the Vacaroii government with such an amount?

[CURIERUL NATIONAL] You mentioned the moderates and the radicals within the PDSR. Would a rift between those two wings be beneficial for our political life, or rather not?

[Coposu] That rift will occur and it will doubtlessly strengthen the left. If one were to examine the political concept of the parliamentary majority, one would find that they are former communists who have now declared themselves democrats. There is no difference whatsoever between Mr. Verdet's [chairman of the Socialist Party of Labor—PSM] chamber of deputy members and those of the majority in parliament. They have the same type of mentality and they are similarly unable to break through the shell of their Marxist-Leninist way of thinking. Such a rift within the PDSR would be welcome to clear things up once and for all. However, it is important that the wing that breaks off should not be a majority one, because this would come to prove the label we have given to the PDSR, namely that it is a crypto-communist party.

[CURIERUL NATIONAL] Judging by your reasoning you seem to be more interested in the rift itself than in

anything else. Have you ever considered the risks it would imply? On the one hand, the minority of the moderates could be absorbed by the opposition, while, on the other hand, the left wing would be strengthened by helping itself to the PDSR structures.

[Coposu] In this phase of confusion we are currently going through, one needs to get one thing straight. The important thing in any multiparty system is that there should be a powerful opposition, even if it is a left-wing one. Who is stopping us from having the current opposition run the country with the left wing in the opposition? In the current phase, in our transition toward a market economy, it might even prove to be beneficial to have a left-wing opposition throttle tendencies to wild capitalism. There has to be a crystallization of the situation regardless of the sacrifice and I believe that it would be better if the radical half of the PDSR joined the communists, so that at least one would know who one has to deal with. But of course, such crystallization implies perils....

[CURIERUL NATIONAL] Do you think that the opposition is able to handle such perils?

[Coposu] The opposition is structured upon certain persons who left their prison cells with their pockets empty and their assets confiscated. They had no access to radio, or television, and could not have their programs circulated by the press. If you want to have the press, you need money. Only I know what hardships we have to put up with to keep the daily DREPTATEA afloat, considering its 7-8 million lei monthly deficit. The opposition is poor, but I limit that to the CDR, because the others, such as the PD-FSN have already been in power, so they were able to make some money. They have their own press.

[CURIERUL NATIONAL] In connection with the crystallization needed within the PDSR, do you think that this process should be extended over the CDR, as well?

[Coposu] It would be childish if I asserted that there are no divergences within the CDR. However, our democratic conception compels us to the unanimous acceptance of the ideas supported by the majority. The CDR consists of eight parties and 10 political groupings that do not have a party character. This means 18 determining factors, each with its own identity and political ideology. The criteria at the basis of the setting up of this alliance is a minimal program, a platform containing certain very restricted points.

[CURIERUL NATIONAL] Even with that minimum program, the CDR member parties have disagreed, at crucial moments, in parliament....

[Coposu] They did, doubtlessly. A common denominator is inconceivable. It is right to have divergent points. And there is divergence among the CDR members and among the parliamentary factions of the opposition. However, each of those parties realizes that if it

were to leave the CDR, it would immediately be annihilated and doomed to disappear from our political life. The fate of Mr. Campeanu [former chairman of the National Liberal Party] and his party can prove it.

PDSR, PD Negotiations 'Concluded for Good'

AU2904142594 Bucharest ROMANIA LIBERA in Romanian 27 Apr 94 p 3

[Article by Clementina Filip and Daniel Uncu: "The PD-PDSR Bilateral Negotiations Have Concluded for Good"]

[Text] It seems that the efforts made by the opposition to convince the PDSR [Social Democracy Party of Romania] to attempt a possible modification of the parliamentary majority have failed. The result of the last round of PD [Democratic Party]-PDSR talks, which was held yesterday, 26 April at the headquarters of the Senate, can be summed up through Adrian Nastase's [executive president of the PDSR] statement: "The talks have concluded for good!"

Sources of the negotiating teams revealed that, in the attempt to divert attention from the major objective of the negotiations (that is, the modification in the parliamentary majority) the ruling party proposed that a draft accord regarding the political conduct and cooperation between the parliamentary parties and the PDSR, as well as a draft economic and social program for 1994 that was to be examined by experts of other parties, should be discussed. The PD negotiators believed that the ruling party's proposals regarding previous demands of the opposition and of Mr. Roman's party were insufficient and inopportune. Therefore, eventually, the sides proceeded to discussions on the issue of parliamentary restructuring. The same sources revealed that the PDSR took into consideration the variation in which the PUNR [Romanian National Unity Party] should be one of the balancing factors of this majority. In turn, the PD negotiators rejected the proposal, which they considered inadequate from the opposition's viewpoint. Considering that the power of invention of the PDSR is unlimited when it comes to political "arrangements," they proposed that the PNTCD [National Peasant Christian Democratic Party] together with the PD and the PDSR should participate in a possible government formula. Not being able to start negotiations on behalf of the PNTCD, the PD proposed a summit meeting with all leaders of the opposition (in spite of the PDSR's aversion to the Democratic Union of Hungarians in Romania and the Liberal Party '93), a meeting that should create the common ground for discussions.

In practical terms, in this way, these negotiations could continue endlessly if the ruling party is not determined to take a clear decision.

Here are the statements of those who carried out the negotiations:

Ion Solcanu, representing the PDSR: "This stage of the negotiations has to conclude with a proper examination of the economic and political situation in our country. Likewise, our talks identify the necessary solutions to overcome the current deadlock. The dialogue might be extended to other opposition parties as well."

Adrian Severin, representing the PD: "As far as we are concerned, we cannot accept political bigamy. We cannot accept that the PDSR cooperates with the parties included in the current pentagon [PDSR, PUNR, Greater Romania Party, Socialist Party of Labor, and the Democratic Agrarian Party of Romania] and, at the same time, with the opposition parties, in a possible parliamentary or government formula. The PDSR has still not succeeded in understanding the fact that it is not possible to propel the country toward democracy together with extremist parties or nostalgic-restoration parties. The talks have concluded for good, in spite of our efforts."

Iranian Minister of Industry Arrives for Talks

AU2704132094 Bucharest Radio Romania Network in Romanian 1000 GMT 27 Apr 94

[Text] This morning, on the invitation of Dumitru Popescu, the minister of heavy industry, Mr. [Mohammad Hadi] Nezhad-Hoseynian, the minister of heavy industries of the Islamic Republic of Iran, arrived in our country. Mr. Nezhad-Hoseynian is also chairman of the Iranian party attending the 10th session of the Joint Romanian-Iranian Commission, which is scheduled to take place in Bucharest over the next few days.

After his arrival at the airport, the Iranian guest stated exclusively to our reporter that the volume of the exchange of goods between Romania and Iran is the highest compared to similar exchanges with all other East European countries.

Upon turn, Industry Minister Dumitru Popescu stated that they will also approach new ways of cooperation between the two countries, as well as the furthering of Romanian exports.

Bilateral Ties Expanded

LD0105214694 Tehran IRNA in English 2131 GMT 1 May 94

[Text] Tehran, May 1, IRNA—Iran's Minister of Heavy Industries Mohammad Hadi Nejad-Hoseynian and Romanian Prime Minister Nicolae Vacaroiu exchanged views Saturday in their meeting in Bucharest.

Vacaroiu praised Iran as his country's greatest partner in the Middle East and called for further expansion of ties between the two countries.

Vacaroiu said that for expanding bilateral trade-exchange, vouchers of investment and waiving of taxes should be signed first between the two sides.

He also said that establishment of Tehran-Bucharest joint venture can help further expansion of ties to make it possible for expanding the work in a third country.

Describing the broadening relations between Iran and Romania, Nejad-Huseinian referred to existence of over 900 Iranian active companies in Romania and asked for further facilities to be granted to them by the Romanian officials to pave the way for their further activities.

Former King Accuses Government of Denying Visit

AU2904151694 Paris AFP in English 1507 GMT 29 Apr 94

[Text] Bucharest, April 29 (AFP)—Former King Mihai of Romania on Friday [29 April] accused Romanian authorities of preventing him from visiting his homeland for this weekend's Orthodox Easter celebrations, saying it was acting out of fear.

"Despite their promises, those who govern you, who have not overcome their fear of the links which exist between you and I, are not allowing me to celebrate Easter with you, in Timisoara," the former king said in a message to Romanians.

The 72-year-old former king said he felt bitter that his country's leaders were "upholding the unjust decision" taken more than 40 years ago.

The king was forced to abdicate in 1947 and the communist regime took away his Romanian citizenship a year later.

On Thursday, the former king said too many "restrictive conditions" had been imposed on him by the Romanian authorities for him to be able to visit.

"My fate is in your hands. My return to my country depends on each and every one of you," he said in his message. He had not lost hope of being able to return to Romania, he added.

Since the Romanian revolution in 1989, the former king, who lives in exile in Switzerland, has only once been allowed to return to Romania, for Easter 1992. He was welcomed by large crowds.

The government was on Friday criticised by certain sections of the Romanian press, who said it had no respect for people's rights when those rights conflicted with its interests.

The authorities imposed a series of conditions on the former king's proposed visit and insisted that he go to a town other than Timisoara, the place where the 1989 revolution began and whose mayor is a member of the opposition.

Presidential spokesman Traian Chebeleu said the authorities had shown good will and had no responsibility for the cancellation of the visit.

The authorities' refusal to allow the former king to attend festivities last December caused a political storm and the opposition boycotted official celebrations in protest.

Government Questions Ex-King's Motives

AU2904201694 Bucharest Radio Romania Network in Romanian 1900 GMT 29 Apr 94

[Text] ROMPRES agency received a fax with a message to the country by former sovereign Mihai of Romania regarding the visit he was going to pay to Romania to, quote, jointly pray for the country, unquote. According to the message, the presence of the former sovereign would have guaranteed civic and moral peace as well as the spiritual peace that the country needs in order to come out of self-doubt, discouragement, and fear. Considering that the unjust decision on his exclusion—a decision taken more than 40 years ago by the leaders of the communist coup d'etat—is also upheld at the highest state levels today, Mihai of Romania announces that he does not want to lose hope and, along with the Christian formula of Christ Is Reborn, adds: It is high time that your patience should bear fruit. The message continues, quote: My fate is in your hands. It is up to each one of you whether I can return home. The time has come that, after sacrifices and suffering, we should be again together, for our fatherland's revival.

In connection with the message sent by Romania's former king on the Holy Easter holidays, a message which contains several references to his cancellation of his visit to Romania, the Romanian spokesperson was authorized to state the following: As announced, the

Romanian Government has expressed its regret that the invitation it has sent to the former king—for the first time since the abolition of the monarchy—to pay a private visit to Romania on the occasion of the Holy Easter holidays this year was not met with an appropriate response, despite the fact that the government has shown itself ready to ensure the proper organization and development of the visit. Unfortunately, the former king's message clearly reveals the true reasons for his refusal to accept the government's proposals, which were made in the context of strict observation of the country's constitutional provisions.

The real aim of the visit, as it resulted from the text of the message, was to create conditions for his comeback on Romania's political scene, something which directly contradicts his previous statements, whereby the former king said that he wants to pay a private visit and does not challenge the constitutional order. Moreover, the message contains inciting calls, capable of disturbing the public quiet and law and order in the country, the communique points out. The government intends to exert its prerogatives, by strictly observing the principles and norms of the rule-of-law state, as sanctioned by Romania's Constitution, in order to ensure a climate of quiet and public order, which are so necessary for the further democratization of our political and social life.

Therefore, the government cannot accept—in any form or under any pretext—such actions, which may jeopardize the constitutional order in the country. The government is firmly determined to treat any future intent of the former king to visit Romania in the same way, only on the basis of a clear commitment by the latter to observe the constitutional order in Romania.

Karadzic Warns U.S. of 'New Vietnam'

AU0205141794 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 2 May 94

[Passages within quotation marks recorded]

[Text] [Unidentified correspondent] The denouement of the crisis surrounding Gorazde has shown the world that the NATO air strikes that were carried out against Serbian civilian and military targets around that town on two occasions were unjustified interference by the international community in the conflict and the direct involvement of the United Nations on the Muslims' side in the civil war in the former Bosnia-Herzegovina.

After NATO's air force, in the last 48 hours, UNPROFOR [UN Protection Forces] has also sided with the Muslims. Members of the Nordic Battalion fired from a personnel carrier, killing nine Serbian civilians near Tuzla. A similar incident, fortunately without casualties, also took place in Gorazde.

Commenting on the newly created situation, Radovan Karadzic, president of the Srpska republic, told the SRNA agency the following:

[Karadzic] "Hiding behind NATO, the United States has come to the very edge of interfering in the civil war, and it is highly possible that some U.S. quarters will push the United States into a new Vietnam in Bosnia-Herzegovina. NATO is being used as an instrument for the United States to realize its aims and help the Muslim community in Bosnia.

"Unfortunately, in addition to NATO, UN forces are increasingly frequently finding themselves fighting for the Muslims. We are asking the Nordic countries whether they authorized their battalion to attack Serbs and cause deaths among Serbian civilians. The families of these civilians will probably sue the Nordic countries and the United Nations.

"We appeal to the United States to prevent its hawks from pushing it into a new Vietnam."

[Correspondent] Commenting on the start of the work of the international contact group, Dr. Karadzic said:

[Karadzic] "We told the contact group that we doubt the success of its mission, because they are not impartial. The mediator in this civil war must be absolutely impartial if he is to succeed. In this sense, we presented a memorandum to the contact group in which we drew their attention to the fact that the international community had based its most important decisions on the lies of Muslim propaganda and on fabricated reports that were completely different from what was happening on the ground. In our talks, we openly accused the international community represented by the contact group of bias."

[Correspondent] Anti-Serbian activities are always a product of fierce anti-Serbian propaganda of the international media. The currently hot topics are Brcko, Doboj, and the corridor that links the Serbian republic

with Serbia. Radovan Karadzic, president of the Srpska republic, sharply warned the international community with regard to this.

[Karadzic] "The atmosphere around Brcko is (?heating up) in the international community. Brcko has been in Serbian hands since the beginning of the war, and the Serbs are not attacking Brcko since Serbs live in Brcko. We warn the international community that we will not accept any change in the status of Brcko, because Brcko and the corridor are in fact of vital interest for the Serbian nation. No one should expect any letting up in this respect."

SDA on Implementation of Washington Accord

AU0205200994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 2 May 94

[Text] At today's session, members of the Executive Council of Party of Democratic Action [SDA] reviewed the implementation of the Washington Agreement. It was concluded that future talks should include the topic of defining the territory of the future federation and the issue of cantons within it. The SDA remains true to the proposals submitted earlier regarding the highest offices in the federation. This is stated in the statement issued by the SDA Executive Council.

Croatian Leader Rejects Unitary Bosnia

LD0205212494 Zagreb Radio Croatia Network in Serbo-Croatian 2000 GMT 2 May 94

[Text] Leaders of the Croat republic of Herceg-Bosna, led by Kresimir Zubak, president of the presidential council, visited the area of Rama and Uskoplje today. Zdenko Vranjes reports:

[Vranjes] The need to strengthen the institution of the law-governed state and to suppress crime and smuggling in Herceg-Bosna was the focus of attention of the talks between the political leaders of the Croat republic of Herceg-Bosna and civilian and military authorities of the Rama and Uskoplje municipalities and the priests of Rama monastery. It was emphasized that the passage of humanitarian and other convoys should be made more orderly. All convoys for Bosnia pass through Rama and Uskoplje. Their chaotic passage causes even greater and more dangerous disorder, robberies, and attacks by rebel groups, it was said at the talks.

The implementation of the Washington agreement was discussed at the session of the Croatian Democratic Union municipal committee and the command of the Ante Starcevic Brigade from Uskoplje. More work needs to be done on the border delineation between the cantons, it was stressed.

Zubak reiterated that the Croatian people have truly accepted the Washington agreement as a step toward

peace. He described Alija Izetbegovic's letter [to Tudjman] yesterday as an attempt to shift to the Croatian people the blame for the lack of readiness to implement the Washington agreement.

Zubak said the Croatian representatives will not allow the Croatian people to be deceived. They will not allow certain circles among the Muslim people to establish a unitary Bosnia-Herzegovina by bypassing the essence of the Washington agreement. Such attempts can be detected in the demands by Muslim representatives for both the president of the federation and the prime minister to be Muslims. We will not accept this, for such demands have no basis in the constitution of the new federation, Zubak said.

Reasons for Delay in Tudjman Visit Examined

AU0205160994 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 2 May 94

[Report by Nada al-Isa from Zagreb]

[Text] Why has Croatian President Franjo Tudjman still not paid a visit to Sarajevo, even though President Izetbegovic has asked him on two occasions. Is the UN Protection Forces [UNPROFOR] behind this? Are UNPROFOR generals preventing the Croatian president's visit to Sarajevo and the forming of the Croat-Bosnian federation? The question is not entirely unfounded, and here is why. During a recent interview for Bosnia-Herzegovina Radio and Television, in the course of a private, very engaging conversation, and in response to my question why he still has not visited Sarajevo, the Croatian president literally said: You have to ask UNPROFOR why I still have not been to Sarajevo—therefore, firsthand information from the highest place in Croatia. Moreover, it is also possible to hear the following on the Croatian political scene: Now that they have tragically solved the fate of Gorazde, UNPROFOR generals may be [words indistinct] and we can expect all kinds of things from them, even the prevention of a normalization of relations between Croatia and Bosnia-Herzegovina.

However, there is yet another question to which it is currently impossible to get an answer in Zagreb. Why has the Croatian media published an AFP report on President Izetbegovic's latest letter once again inviting President Tudjman to visit Sarajevo? Why was there no public statement from the presidential palace, which is the usual procedure? Was the letter intended only for Dr. Tudjman's private perusal, which is how a Croatian opposition member picturesquely commented on this. Is it really only UNPROFOR that is preventing Tudjman's visit to Sarajevo, or is there a lack of goodwill in the presidential palace?

Serbs Reportedly Continue Attacks in Bihac

AU0305101294 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 3 May 94

[Report by Mirza Sadikovic from Bihac]

[Text] Karadzic's terrorists continued attacks on the Bihac district in the last 24 hours. The defenders on the Bihac section of the front, the Grmusk-Srbijanski plateau, and the Bosanska Krupa and Buzim areas are constantly being attacked with anti-aircraft weapons and heavy machine guns. They shelled indiscriminately the front lines of defense and civilian targets with 82-mm and 120-mm mortars several times during the night.

Members of the Kladusa paramilitary army did not keep still either. Their artillery in Golubovici was particularly active. They shelled farmers working in the fields. They inflicted substantial damage and killed a large number of cattle in the villages around Todorovo and Varoska Rijeka.

They also carried out mortar and gun attacks and tried to provoke infantry attacks on other lines of separation. The increasing rift in Abdic's private army is illustrated by the fact that they have recently been carrying out mobilizations in Velika Kladusa, particularly for the police force. Out of 800 people invited to join the force, only two reported.

Serbs 'Regrouping' Troops, Hardware in North

AU0305104594 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 3 May 94

[Report by Smail Cerić from the Information Center of the 7th South Operation group]

[Text] In the zone of operations of the 7th South Operations Group, the aggressor is attacking fiercely. It is constantly attacking the village of Sivsa, where there are several thousand residents. In the region of Cerovic and Omerovo Guvno, the enemy is regrouping large number of troops and hardware, which is a sign that a new offensive is being prepared. Let us hear a report:

[Ceric] A general danger alarm is in force in the villages of (?Cekanica) and Djelovac. Matuzicica is real hell, because several dozens of tank and bofors shells have landed there in the last few hours. Today is marked by shelling of all defense lines.

Izetbegovic, Delic Visit Troops in Brcko

AU0205192394 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 2 May 94

[Text] [Studio announcer] President of the Bosnia-Herzegovina Presidency Alija Izetbegovic today visited the free Brcko territory. On his tour of this commune, President Izetbegovic was accompanied by Army General Rasim Delic, Commander of the Bosnia-Herzegovina Army 2d Corps Hasim Sabic, and (Izet Hadzic), president of the Tuzla Commune's local government. Hamid Deronjic reports.

[Begin Deronjic recording] The distinguished guests were received by the highest civilian and military representatives of the Brcko Commune, while Colonel Ramiz Kijakic, commander of the legendary 108th Motorized

Brcko Brigade, acted as host to President Izetbegovic. Immediately upon arrival in our commune, President Izetbegovic expressed the wish to visit the forward front lines, [words indistinct]. Touring the forward front lines of the fiercest front in Bosnia-Herzegovina, President Izetbegovic particularly stressed the high morale of the members of the 108th Motorized and 108th Infantry Brcko Brigades and accentuated the well organized coexistence of Muslims and Croats in our commune. The manner of organizing mutual life of Muslims and Croats in the Brcko Commune will probably serve as a model and example throughout our young state of Bosnia-Herzegovina, President Izetbegovic stressed.

Army General Rasim Delic reiterated that after the ugly experience of Gorazde and the international community's impotence in restraining the crazed Serbian aggressor, we must primarily base our struggle on our own potential and strength, and must create an impenetrable fortress of the remaining free parts of our state, which will be the basis for the further liberation of the territory under chetnik control. Brcko is the key to the war in Bosnia-Herzegovina, and for our part, we shall do everything to see that preparations for the final showdown with the Chetniks proceed in the best possible way. We have nothing to fear because in these decisive moments of the war for a free and independent Bosnia-Herzegovina, the Presidency, the government, and the Bosnia-Herzegovina Army Command will help, added General Delic.

After touring the forward front lines, the delegation visited several places in the free Brcko territory. The visit ended with a chat with the wounded and the seriously and slightly wounded veterans of the legendary 108th Motorized Brcko Brigade, who were presented with appropriate awards. [end recording]

Serbs Claim Muslims Preparing Offensive at Brcko

LD0205203994 Belgrade TANJUG in English 2014
GMT 2 May 94

[Text] Sarajevo, May 2 (TANJUG)—Bosnian Muslim army commander, Gen. Rasim Delic on Monday confirmed that the Muslim side was preparing an offensive on the Serbs in the area of Brcko, a town in the northern part of the former Yugoslav republic of Bosnia-Herzegovina. Gen. Delic, who toured together with Bosnian Muslim leader Alija Izetbegovic Muslim units on the front south of Brcko, said that 'the Brcko front was the key to the war in Bosnia-Herzegovina,' according to Muslim-held Radio Sarajevo.

Gen. Delic confirmed that preparations were under way for a Muslim offensive at Brcko on the corridor which links the western and eastern parts of the Bosnian Serb republic (R.S.), and set out, 'we have nothing to wait for, and we will launch a decisive reckoning with Serb forces for the [word indistinct] of Bosnia-Herzegovina in that section of the front.' Gen. Delic said in a meeting with

the local Muslim commanders that 'the Bosnia-Herzegovina (Muslim) presidency and government will do everything for preparations for the offensive to be completed successfully.'

R.S. military sources have more than once in the past several days said that the Muslim side is preparing a large-scale offensive operation in the Brcko region with a view to cutting off the corridor. The same sources said that, as part of the preparations, Muslim military authorities first carried out massive mobilization in Sarajevo and then pulled out over 10,000 troops from the city and sent them across Mount Igman to central and northern Bosnia. However, foreign media have been accusing the Serbs of massing troops around Brcko, and the U.S. Government is considering initiating an emergency action in the U.N. Security Council for the adoption of a resolution on intervention of NATO forces in case of armed conflicts between Serbs and Muslims in the Brcko region, which would be a further instance of the U.N. siding with the Muslims.

Commander of the U.S. military base in Frankfurt, Gen. Rolanger arrived in Sarajevo on Monday and met with Muslim Presidency member Ejup Ganic, Radio Sarajevo said and set out that no details of the talks had been disclosed.

Muslim Attacks on Serbian Positions Reported

LD0205114594 Belgrade TANJUG in English 1108
GMT 2 May 94

["Pool" item]

[Text] Doboj, May 2 (TANJUG)—Strong Moslem artillery attacks on Teslic, Serb-held town in northern Bosnia, on Monday caused huge material damage, Bosnian Serb army sources have said. The Moslems also launched mortar and infantry attacks on Serb settlements and positions close to Doboj and in the region of Mt. Trebava and infantry and artillery attacks in the area of Mt. Ozren (all in northern Bosnia) the sources said. The Bosnian Serb army was forced to strongly respond to the attacks, it was said. Four civilians, wounded in Sunday's artillery shelling of Doboj which killed four civilians, are out of danger, the Bosnian Serb army said.

The Doboj Serbs have over the past month been under constant Moslem fire which killed many civilians, but the shelling of this town fails to draw the attention of the world public and of the U.N. Protection Force. The Moslem offensive in northern Bosnia aims to cut the corridor which links the eastern and western parts of the Bosnian Serb republic (RS). On Sunday and Monday NATO planes have constantly been flying over Bihac (western Bosnia) thus encouraging the Moslems to mount mortar and infantry attacks on Serb positions, the Bosnian Serb army sources warned.

On Monday the Moslems opened anti-aircraft and sniper fire on Bosnian Serb army positions in the upper parts of the Neretva River valley, while the regular Croatian

army units launched mortar attacks on the Bosnian Serbs near trebinje (southern Bosnia), it was said.

UN Troops 'Guzzling' With Serbs in Gorazde

AU0305104794 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1000 GMT 3 May 94

[Report by Fahrudin Becic from Gorazde]

[Text] The situation in Gorazde remains unchanged. The chances of the aggressor moving outside the 3-km zone on the right bank of the Drina River are slim. UNPROFOR [UN Protection Forces] has not set its points in that area again today. Instead of performing the duties for which they have been sent, the UN soldiers are often guzzling with the chetniks. Twelve thousand people are still waiting for things to move from the standstill and to at least move from the 3-km zone to their burned homes.

UNPROFOR General Complains of Serbian Harassment

LD0205203094 Paris TF-1 Television Network in French 1800 GMT 2 May 94

[Excerpts] The situation is once more worrying in Bosnia, particularly in Sarajevo and around Gorazde too where a UN Protection Forces [UNPROFOR] convoy is blocked by Serbs. This incident is reported to be very serious. Incidents are more and more frequent and cease-fires are no longer respected. [passage omitted]

[Begin recording] [Brigadier General Andre Soubirou, captioned as UNPROFOR commander for Sarajevo sector] I have been hindered since the start of the Gorazde crisis. Our freedom of movement has been restricted. The tension provoked by the Gorazde crisis resulted in massive harassment by the Serb side. There were attempts to get more weapons through our sector by taking advantage of these difficulties. [end recording] [passage omitted]

'Radio Free Europe' on Croat-Muslim Tensions

LD0205185494 Belgrade TANJUG in English 1720 GMT 2 May 94

[Text] Belgrade, May 2 (TANJUG)—It was much easier to sign than implement the Washington agreement on a Croat-Muslim federation in Bosnia-Herzegovina, according to Radio Free Europe. The radio said in a commentary that Bosnian Muslim President Alija Izetbegovic had sent two letters to Croatian President Franjo Tudjman urging him to salvage the Washington agreement.

A letter of a similarly dramatic contents has been sent to Tudjman by Izetbegovic's adviser Slobodan Lang, who warned on returning to Sarajevo from Herzegovina that Muslim-Croat relations were near a breaking point and the Washington agreement would cave in unless something was done, according to Radio Free Europe. The

Bosnian Croats and Muslims, who have been engaged in fierce mutual clashes since the beginning of the year, fighting for territories in Herzegovina and central Bosnia, have signed the agreement on a common federation under strong pressure from the United States.

So far, none of the dates set in the Washington agreement have been met, according to the Radio Free Europe commentary, which specified that major disagreements existed over personnel issues, primarily the office of president. The Bosnian Croats request that the first president of the federation be a Croat, but are ready to accept as a compromise that the post go to Bosnian Muslim Prime Minister Haris Siljadic but under no condition to Izetbegovic, whose candidacy has already been put up by the Muslim side.

The Radio Free Europe commentary said that Croatian media were again presenting the Bosnian Croat state Herzeg-Bosna as a legal political formation of the rank of a state. The commentary said a reflection of the volatile relations between the Croats and Muslims was the recent blowing up of a mosque in the centre of Livno. It quoted the Zagreb weekly GLOBUS as saying that the Muslims in Livno, a town in western Herzegovina, insist that they have been living far worse since the Washington agreement has been signed, that the Croat troops are forcing Muslims to perform various degrading jobs, and are stealing cattle, money and tractors in the nearby villages. The Muslims were also quoted as saying that they were subjected to greater harassment now and that they wanted an integral Bosnia.

The Radio Free Europe commentary said that representatives of the local Croat authorities in Sarajevo, which are loyal to Izetbegovic, had visited a number of foreign embassies in Zagreb to warn that the Washington agreement was definitively being torpedoed. According to the commentary, the local Croatian authorities in Sarajevo have warned that attempts are being made at introducing an internal order different from that defined in the adopted constitution, that no steps are being taken whatsoever for the return of the displaced persons, and that war crimes are being denied or minimized.

Review of Sarajevo Newspaper Publications

94BA0255B Zagreb GLOBUS in Serbo-Croatian 1 Apr 94 pp 8-10

[Article by Zeljko Garmaz: "Where Are the Politicians Headed?"]

[Text] Leo (23 July to 22 August)—"These persons of pronounced sincerity and an open character face indifference and internal conflicts in this period. There will be unplanned costs. Perhaps an unpleasant visit in the near future. Lack of self-confidence will be more pronounced in this period. There will be illness because of poor diet. Have your eyes checked. Advice: POSTPONE TRAVEL!"

This is the horoscope of this period for those born under the sign of Leo. Since no one has been able to "travel"

from Sarajevo for a long time now, the message of Dzevad Nagic, who writes the horoscope in the Sarajevo paper NARODNE NOVINE, seems meaningless. But....

SARP—SARAJEVSKI POTROSAC is the newspaper of consumers and users of services; the Consumers Association of Sarajevo is its founder and publisher. As stated in the introductory material, "although funds were lacking and the conditions were difficult, it has come out five times in a printing of 5,000 copies each, aimed exclusively at providing the best possible information to consumers and the public in the besieged city and in the struggle for survival."

And the reports to the "consumers and the public" are written in the conditional tense, like the news from the B-H Electric Power Company: "Should 70 megawatts be available, Sarajevo will have power every day, reduction will be limited, provided inhabitants of the new parts of the city do a better job of guarding transformer oil!" Or again an advertisement of the firm Marketi: "If the blockade is lifted from the city and the roads are opened, this firm wants to say that it will be able to supply foodstuffs to all the inhabitants of Sarajevo!"

Privileged Journalists

Although the introduction to SARP—SARAJEVSKI POTROSAC emphasizes the publisher's intention of making this newspaper independent one day, a real newspaper of Sarajevo's public and consumers, the two advertisements chosen at random do little to support that.

There is nowhere in the world today where it is such a privilege to be a journalist as in Sarajevo! Writing in the newspapers or publishing newspapers, even altogether "small ones," means exemption from military conscription, but also, and this is still more important to people in Sarajevo, the sole possibility for obtaining an UNPROFOR [UN Protection Forces] press card with which it is possible to leave the city legally on aircraft of the UNHCR [UN High Commissioner for Refugees].

Although some 30 newspapers are "coming out" in the city, it is impossible to speak at all seriously about the newspaper scene in Sarajevo. For a large number of journalists publishing the first issue of some new Sarajevo paper serves the sole purpose of obtaining a press card—the only "exit visa" from surrounded Sarajevo. Most of these newspapers cease publication after the first or second issue, and their journalists, thanks to the press cards, become smugglers bringing goods every day from Ancona or Split to sell on the Sarajevo market....

What the UNPROFOR press card is "worth in Sarajevo" is indicated by the fact that a large number of people are ready to pay even several thousand German marks for it; this is the value placed on it by the "black market." So the number of almost 600 press cards issued in Sarajevo is not illogical at all in view of the circumstances.

So, "horoscopes" and "consumer advice" are not nonsensical at all: If a newspaper is to be published (and that is a condition for issuing a press card), it still has to be filled with some kind of content!

Paper From Humanitarian Aid

One basic feature of all the papers being published in Sarajevo is the very difficult conditions for supply. "A month and a half ago, when we started our paper, we intended to put out the first serious regular political weekly in this country. But after we published two issues, problems arose with paper, and now we come out about every 10 or 12 days in a modest print run of a few thousand copies. The entire run is sold out the same day," Senad Avdic, editor in chief of the "weekly" BOSNA, relates.

"By and large there is no paper in Sarajevo, and what we manage to get comes mainly through humanitarian aid. OSLOBODJENJE, which in professional terms is the strongest newspaper firm in Sarajevo, has alone been able to secure a constant supply of newsprint through the UNHCR, and they are also the only ones who have managed to maintain daily publication," Senad Avdic explains.

The example of BH DANI, an occasional newspaper edited by Senad Pecanin, best illustrates how hard it is to keep up a publishing schedule when "impeding the newspapers for political reasons" is added to the chronic problem of the paper shortage. "The other day we published the issue sent to the printer's two months ago!" Pecanin says. The reason for that tardiness was a dispute over a photograph of Alija Izetbegovic taken in the vault of the National Bank of B-H just before going off to bed. The authorities also reproached us because of an article about "SDZ [Democratic Action Party] Democracy," which said: "Recently a successful young Sarajevo executive was offered the post of chairman of the executive committee of the assembly of Centar Opstina in Sarajevo. The end of the negotiations between the authorities and the executive went something like this:

'...But you would have to join.'

'Join what?'

'Well, the party.'

'Which party?'

'Is there more than one?'

Such approaches by a majority of the leaders of the Democratic Action Party of B-H have now become a habit. Not only do other parties not exist for them (nor for Radio-TV B-H), but even government institutions, the B-H Army, the police, the universities, the Islamic Community, and the media, are beginning to be treated as support services of the SDA....

Pecanin considers "his" newspaper entirely autonomous and independent of the government, by contrast with the papers that come out regularly, which he says are under the direct tutelage of the government, the SDA, the B-H Army, the Islamic Religious Community....

His fellow journalists, on the other hand, say that BH DANI "fell from the sky and has nothing to do with reality."

Hairdos and Panties

"BH DANI is more an informal magazine than a serious and relevant newspaper," says Senad Avdic, editor in chief of BOSNA. He backs up his statement with a quote from that newspaper: "At a time when the survival of B-H is in jeopardy, how can BH DANI be concerned with hairdos and panties?"

Senad Pecanin, however, explains that "his newspaper" only wants to preserve those "urban characteristics which distinguished Sarajevo" and he announces that the next issue (when it comes out) will run to 106 pages! His optimism is stimulated by the unceasing financial support reaching him from abroad.

LJILJAN, "the national political newspaper," is the complete opposite of BH DANI:

"We said every *teravija* and *namaz* [Muslim prayers], and we fasted. A miracle occurred on the seventh day of Koran Bajram. A stray sheep came to our door.... Thus we also had Korban!" The priority given to Islamic religious customs, the war rhetoric (headlines like "The Thunder of the Resistance Resounded to the Heavens" or "Punish Them, Almighty God" or again "I Am Proud of My Son Shahid") have resulted in a circulation of nearly 60,000!

Nevertheless, we should mention that Sarajevo is not the only place where the paper is printed and sold (Maribor, Frankfurt, Istanbul). Five thousand copies are distributed in the city itself.

It is of interest that LJILJAN began to come out in Zagreb, and then it had to move to Maribor because its distribution was banned. Asked why overnight they began to call the Croats *ustashi*, Nedžad Larić, one of the

editors, visibly flustered, replied: "Well, I had to do something to force my people to wage war and think with their own heads!"

But in spite of the "normalization of Croat-Muslim relations in Bosnia," he "never again wants to find a place for Ante Rosa nor Jadranko Prlić, nor..." in his paper.

Opposition Papers

Fahrudin Radončić, at one time correspondent in Podgorica and Sarajevo for DANAS in Zagreb and the spokesman for Sefer Halilović, the discharged chief of the general staff of the B-H Army, like most of his colleagues, wants BOSNJACKI AVAZ to take a solid place of its own under the sun in Sarajevo media space. However, even Radončić cannot print his newspaper in Sarajevo in a printing larger than a few thousand copies.

"In my judgment," Senad Avdic, BOSNA editor, said, "this newspaper could sell 60,000 copies in all of B-H without any problem at all. But even if we found that much paper, it would cost us about half a million marks!"

That is, just like every other commodity on the Sarajevo market, newsprint can be obtained exclusively through well-established smuggling channels.

Until the procurement of paper is normalized, and also until young professional journalists in Sarajevo mature, newspaper publishing will come down to more or less serious attempts which have yet to obtain professional confirmation and confirmation from the market.

For the present, one can only suspect that OSLOBODJENJE and VECERNJE NOVINE, the two daily papers, and BOSNA, LJILJAN, BOSNJACKI AVAZ, and BH DANI, which are occasional papers or future weeklies, have the best chance.

In the meantime, the papers that are coming out today, like SARAJEVO TIMES, BEHAR, ABC MAGAZIN, SARP, NARODNE NOVINE, and so on, will serve only as a cover for the true intentions of their founders. And also as evidence that there is no limit to human resourcefulness....

UK's Hogg, Sanader Discuss Washington Accord

*LD0205191794 Zagreb HTV Television in
Serbo-Croatian 1730 GMT 2 May 94*

[Text] Croatian Deputy Foreign Minister Ivo Sanader held talks in Zagreb this evening with British Foreign Office Minister Douglas Hogg.

[Begin recording] [Hogg, in English with superimposed Serbo-Croatian translation] The Contact Group, to which I belong, is working out the details of bringing about a cease-fire in Bosnia-Herzegovina. The basis for this is a signed agreement on Bosnia-Herzegovina. When this issue is resolved the Contact Group will address the problems of the so-called Krajina.

We discussed the implementation of the Washington agreement today and concrete problems related to Krajina. The most difficult problem is the lack of negotiation, and how to make the parties communicate. Once they have begun talking results will be achieved, but—I stress again—the problem is that there is no dialogue.

[Sanader] We discussed the current situation in Croatia, regarding the UN Protected Areas and the steps that need to be taken in Bosnia-Herzegovina. I think that this was a very useful exchange of views. Minister Hogg presented some of his views—he is to visit Sarajevo and Belgrade. I think this was a very useful exchange of information. We will probably meet again after his visits to Sarajevo and Belgrade, and President Tudjman will probably receive him. We have decided we must not stop now, but rather we must resume playing an active role as regards the final resolution of the crisis in Bosnia-Herzegovina and, of course, in Croatia.

[Reporter] More precisely—what did you discuss regarding the UN Protected Areas? Did you mention any steps which would lead to some improvements?

[Sanader] The minister was interested in our view on the current situation and I presented it to him. [end recording]

Tudjman Stresses Implementing Washington Accord

*LD0205181194 Zagreb Radio Croatia Network in
Serbo-Croatian 1700 GMT 2 May 94*

[Text] President Tudjman has replied to a letter from Alija Izetbegovic, president of the Bosnia-Herzegovina Presidency. The following is the text of the president's reply:

I have received your letter confirming an interest in the speedy and comprehensive implementation of the Washington agreement. I maintain that it can already be said that since the agreement was signed Bosniak-Croatian relations have been developing in a positive way and that on the whole we can be satisfied with initial results.

I agree with you, however, that everything should be done to implement as soon as possible the agreement in

its entirety and that those impeding this positive process on either side should be neutralized. I firmly believe that it is possible and necessary to resolve all the issues you mentioned to our mutual satisfaction. I again stress that you can fully rely on all my influence in order to fully implement as soon as possible the agreements signed in Washington.

I believe that my visit to Sarajevo will take place soon and I am ready to travel as soon as this is technically possible. I believe that this visit will facilitate quicker solutions of all open issues and the further development of mutual understanding and cooperation between the Croatian and the Bosniak-Muslim people and between the federation of Bosnia-Herzegovina and the Republic of Croatia.

RSK's Babic Announces Topics for Talks

*AU0305100994 Belgrade BORBA in Serbo-Croatian
29 Apr 94 p 4*

[Article by Dj.M.: "List of Priority Topics for 'The Third Round of Talks'"]

[Text] Knin—The establishment of peace on all territories of the former Yugoslavia is in the interest of the Serbian people in the RSK [republic of Serbian Krajina]. We expect the international community to respect all national interests on the territories of the former Yugoslavia and to acknowledge the RSK's sovereignty, along with the right to unite with other Serbian states. We have established that the peace agreement signed in Zagreb is being implemented successfully. Dr. Milan Babic, RSK minister of foreign affairs, said on the occasion of the resumption of the peace talks with Croatia and added the following:

"My proposal to the government was—and it has been accepted—to hold negotiations on the border crossing between the RSK and the Republic of Croatia in Turanj. The Croatian side also does not want to negotiate in some world capital, because that would involve a great cost and require the engagement of a large number of accompanying services. We may have resumed the talks today, but we adjourned them until after the Easter holidays. We shall offer the Croatian side, as well as the international factors, a list of priority economic and humanitarian issues that will make a more suitable basis for successfully realizing the third round of talks on solving the political issues."

U.S. Military Delegation Meets Tudjman Adviser

*LD0205192194 Zagreb HTV Television in
Serbo-Croatian 1730 GMT 2 May 94*

[Text] Eleven U.S. War College officers visited the Croatian Ministry of Defense, where they were received by Corps General Anton Tus, Tudjman's adviser for military affairs. After the talks Gen. Tus and Dave Servinsky, head of the U.S. study group, commented:

[Begin recording] [Gen. Tus] We are very pleased to be visited by study groups of top U.S. Army officers and that Croatia is included in their European tour. We are open; we wish to show where we stand, what we are like, what our further aspirations are, how to achieve the end of the war in this area, and how we are going to develop within security, political, and economic integrations in Europe.

[Unidentified reporter] Did you discuss the Partnership for Peace program?

[Gen. Tus] Yes, of course, that was one of our interests.

[Servinsky, in English with superimposed translation into Croatian] We talked to Gen. Tus about security issues in this area. We also talked about changes that have taken place in the former USSR and Eastern Europe and security issues in other parts of Europe.

[Reporter, in English] Anything more?

[Servinsky, in English with superimposed translation into Croatian] We talked about the role of the United Nations, NATO, and the United States in providing aid for the resolution of certain problems in this region. [end recording]

New Party of 'HDZ Malcontents' Examined

AU0205091594 Rijeka NOVI LIST in Serbo-Croatian
20 Apr 94 p 5

[Article by Sanja Modric: "The Manolic-Mesic Parliamentary Storm"]

[Text] The steering committee of the new party, the Croatian Independent Democrats [HND], the founding of which was announced by Josip Manolic about a month ago, after he had been relieved of all his duties in the HDZ [Croatian Democratic Community], will today be presented to the public at the news conference that will be held at the European Center in Zagreb. The fax sent to the editorial offices of the Croatian papers yesterday around noon, containing information about the event, finally eliminated the doubts about whether Manolic would persist in founding the party of HDZ malcontents, and dispelled speculations according to which Stipe Mesic, the number one Parliament man, had withdrawn and gone back to the party in power. Namely, today's news conference will be held by Josip Manolic and Stipe Mesic, presidents of the two chambers of the Croatian parliament.

It is therefore evident that Mesic has not "calmed down" after the mild, but indicative, reprimand issued to him at the Club of HDZ Representatives on 7 April by Dr. Franjo Tudjman, president of the party and president of the state, himself. The high officials of the party in power who, after this event, claimed publicly and privately that Mesic would undoubtedly stay in the party, interpreting Mesic's fiercely critical interviews as harmless scenes caused by "Stipica's ruffled temper," were not right

either. (Another) precedent has thus emerged in Croatia: Two key parliament men, both founders of the party in power, are leaving their political nest and becoming part of the opposition. Whether President Tudjman's threat that "this state," headed by him, will not remain "politically and legally helpless" against the dissident Manolic will be actualized, and who else it could include, is yet to be seen. However, it is already clear that Manolic is neither alone, nor has he agreed to the role of the defeated, which he has too readily been offered by the HDZ center.

Trying to find out which people would appear before the reporters at the European Center on behalf of the HND, we phoned the party center in Nova Ves 23a, which is temporarily in the offices of Azur. It is interesting that the owner of the company is Josip Zebic, an HDZ member known to the public for having been the first president of the committee for renaming the Zagreb streets and squares.

The HND Founding Assembly by 1 May?

We talked to Darko Hrastovec, who introduced himself as one of the founders of the new party. He said that the "independent democrats" consist of a "wide circle of people," but he would name only Perica Juric, a HDZ representative, and father Tomislav Pavao Duka, who has recently left the party in power and become an independent representative. Hrastovec also told us that they would present the HND aims and program today. He announced that the founding assembly of the HND was "probably going to be held by 1 May." The party will then file a registration request to the Ministry of Public Administration of the Republic of Croatia. Unless someone comes first, the "independent democrats" will have the registration number 65. Namely, there are at present 64 political parties on the ministry's list, and it is difficult to remember even the names of some of them.

The registration of Manolic and Mesic's party will be conducted in compliance with the new Law on Political Parties, which came into effect in late August last year, and which made the conditions for founding a party twice as strict as before. According to the former law, 50 people were necessary to found a party, and now it takes 100. They have to be "persons of age and fit for work," citizens of the Republic of Croatia. Attorney Slobodan Budak explained to us that, in compliance with the constitutional right to free political association, it is not necessary to file a registration request to the Ministry of Public Administration, but rather an application. The state body cannot refuse registration of a party if the associated holders of the same political views meet several basic formal conditions. The application must be filed with the ministry up to 15 days after the founding assembly of the new party takes place, the name of the party must be different from the registered names, and the documentation must contain the minutes from the founding assembly, a statute, a program, and the list of the founders' names, with the evidence that they are Croatian citizens. The ministry has the obligation to

deliver the ruling up to 30 days after the application has been sent, and the party has the obligation to publish their program in one of the daily papers or in NAR-ODNE NOVINE. Any party whose program "instigates or calls to violent endangering of the democratic constitutional system, independence, integrity, or territorial integrity of the Republic of Croatia" will be denied registration.

The Overture to Preterm Elections?

One of the questions provoked by the news of the founding of the new party is whether this act will deepen and prolong the parliamentary crisis in Croatia, and if Manolic and Mesic's departure from the HDZ will actually lead to early elections. The answer will emerge when all the names that the "M and M" are counting on are "presented" to the public. Namely, if six "turncoats" from the Chamber of Counties, members of the party in power, and 16 of them from the Chamber of Representatives join the HND, the HDZ loses the majority in the parliament. Naturally, it would take absolute cooperation of the entire opposition, which, as we have learned, is not too united, to achieve such parliamentary balance. Namely, there have been announcements that, in case the least favorable version of the development of events occurs, the HDZ could procure a coalition with the Croatian Peasants Party [HSS] and thus keep the parliamentary majority. Some opposition leaders believe that Drago Stipac [HSS president] would agree to this, although there are many HSS members who would oppose this fusion. The representatives of the Serbian National Party, who, according to some interpretations, will be "cooperative" with the party in power because they have received a great amount of money to finance the activities of the Serbian association Prosvjeta, have recently stated that "the coalition with the HDZ is out of the question." Other opposition parties have also decidedly declined any possibility of forming a coalition with the HDZ.

After certain papers have already stated who some of Manolic's sympathizers from the Club of HDZ Representatives are, and after some of them immediately distanced themselves publicly from "flirting" with the new party, it would be unrewarding to present the names to the public. However, very soon they will be known. Some claim that the secret followers of Manolic and Mesic will find it easier to decide to make public appearances in their new roles as soon as the new party is registered and thus becomes a valid political subject in parliament. Many thus believe that there are many surprises in store regarding the transfer from the HDZ to the HND. Many have connected the forecasts concerning the success or failure of the new party with the support the founders have managed to "win" in the influential international circles, which is still completely unknown here. In the lobbies there has been talk that Manolic has sent his recently published reply to Tudjman to many foreign addresses, allegedly adding a special "annex" with explanations. For the time being it

is impossible to check whether these are only rumors, and there is no information about what the response to this mail has been.

At any rate, the "tempest in the teapot," which is how President Tudjman called the effects of Manolic's disobedience, has undoubtedly turned out to be a real, big storm. Will it be overcome by democratic or "political and legal" means?

Tudjman, Conflict in HDZ Viewed

AU0205133994 Zagreb DANAS in Serbo-Croatian
19 Apr 94 pp 6-9

[Article by Marko Barisic: "Wrong Interpretations of Tudjman"]

[Text] Few could have anticipated that the dilemma from the last HDZ [Croatian Democratic Community] congress about whether this political body would grow from a movement into a party was going to leave so many scars on the Croatian political scene, and so much uncertainty that now even the normal functioning of the parliament is questioned. This will be used in raising the question of the democratic system of Croatia, and even its stability.

Let us remind readers that for a while Tudjman supported the faction that wanted to turn the HDZ from a movement into a Christian democrat-oriented party, but he later joined those headed by Manolic, who asked that the HDZ retain the original principles, that is, that of a movement, with the emphasis on national party.

The HDZ movement has lately been executing Manolic in a way that all the movements have employed through history: by taking the conflict to the end. All the media are involved. Manolic's photographs no longer appear in certain papers, columnists who used to favor the movement, most often believing in it, are doing their best to blacken the name of the man who until recently was the closest associate of the movement leader. Manolic is no longer a person with different political positions; he has become a traitor, a Rankovic, a chetnik. No wonder—a movement, whether it is called the HDZ or otherwise, functions as a community of holders of the same views, and as soon as an individual from within the community persists in his positions, the movement rejects them because they betrayed the community.

The Movement and the Party

By insisting at the last congress that the HDZ be a movement, and now deciding to persist in his position, Manolic himself created the conditions for this kind of breakup. If he had joined those now condemning him, and who then supported the transformation of the movement into a party, Manolic would now be leader of a HDZ faction, completely legal. Apart from his left faction, at least two more (right and center) would have emerged, which is the case in all the parties in all the European countries in which national movements for the

liberation from the occupying forces or for the forming of the state had finished the job long ago, while time and observance of the democratic procedure have made them countries with a stable democratic system.

The factors of this stability are political parties with legalized factions, and this way of dealing with those who do not share the same views is therefore impossible in their systems, as they are not considered traitors. If they change their views, they transfer from one faction to another, or from one party to another, and in the process no one gets excited. On the contrary, the party tries to persuade such individuals to stay, and if they do leave, the party expresses regrets about it.

In the case of a movement, things are different: It sends such individuals away (the official statement said Manolic had been "expelled" from the HDZ), and tries to oust them politically (Manolic is meeting with Paraga), personally (Manolic is a member of Yugoslav State Security Service, as if he had not been one until two months ago), and morally (he is blackmailing Duka).

Manolic has thus become a victim of his own political beliefs. Moreover, he is responsible for having used his influence—indisputable at the time—and preventing the movement from becoming a party, which is a guarantee for the establishment of democratic bases, which should, through the body of the party, gradually penetrate the entire body of society. Signs of lack of democratic procedure are not characteristic of only one party. Other parties have also been affected by the inauguration of nondemocratic procedures. Not only have they been affected, but, because of applying methods of the same kind, they are gradually being destroyed by it. They have been functioning less as parties and more as movements—minor ones.

Squaring Accounts in the Opposition Parties

The way it has been done in the IDS [Istrian Democratic Congress] by the movement leader Jakovcic and the so-called Herak group is well known. Jakovcic has proclaimed them the "moles" of the HDZ, that is, betrayers of the movement, and, at a convenient time, when they were not present, expelled them from the movement. In fact, they did not have the same views; they were a faction, and now they are saying that they are devoted to the IDS, and that they will found a new one. The cause of the dissension is the same as in the HDZ: lack of democratic procedure within the party. A similar event took place in the HSS [Croatian Peasants Party] when a group of members with different views, gathered around Madjor, tried to overthrow Drago Stipac as president. They did not manage to do it, so he threw them out. Even if the reverse had happened, the nature of the conflict would not have been different.

A similar situation has recently occurred in the HSLS [Croatian Social Liberal Party], the strongest opposition party. At the party conference in Kutina two factions were in conflict because of the recently forced syndrome of "Herzegovinian politics." One of the factions, headed

by Vilfan and supported by Fizulic, asked that the party expel all the so-called Herzegovinian cadres from the politics of both Croatia and Bosnia-Herzegovina. They gloated over the failure of the "Herceg-Bosna project," saying the worst possible things about the people there, forgetting that a young man from, for instance, Ljubuski, who was mobilized in a normal procedure and killed at, say, Gornji Vakuf, had nothing to do with high politics, where decisions about the forms of political organization were made.

In the war with the Muslims he was just as much a patriot as when, at the beginning of the Serbian aggression against Bosnia-Herzegovina, he had stood before the Serbian tanks unarmed. Zoric, vice president of the party, opposed Vilfan and Fizulic's positions at the Kutina conference. A conflict occurred which, interpreted in political terms, means that two very different factions have been established: Vilfan's liberal and Zoric's social-liberal one. Budisa took Zoric's side, but in such a way as not to lose Vilfan.

Connecting Vessels

The HDZ democratic centralism, or, more clearly said: Lack of democratic procedures, has, through the principle of connecting vessels, spread to most of the major Croatian parties (the rest are at a standstill or about to break up). However, it did not stop there. It also spread to most of the media, and even to the Croatian state institutions. The stories about the election of the Zagreb University president, about the status of the Central Croatian Cultural and Publishing Society, or those about electing school principals, hospital principals, managers of public companies, which could be anything but models of democratic activities, are well known. One of the main culprits for this is Josip Manolic, because, not knowing political theory, he insisted that the movement remain. He will hardly be able to correct his delusions by legalizing his faction and founding a new party. However, the HDZ may be taking another direction as a movement, a new way toward becoming a party.

The cause for this consideration is the statement of the HDZ head secretary and head of the President's office, Dr. Jure Radic (a person who, because of his position, should not only express his private views, but, more likely, those of the institution he is head of), in the last issue of DANAS, regarding the explosion at Duboki Jarak [reference to the explosion of a military warehouse near Sesevete]. "There are some who would like Gojko Susak not to be defense minister," said Radic and added: "What if it is established that those who want Susak to leave are responsible for the tragedy at Sesevete?" As part of the opposition wanted that, most of all the Manolic group, it is clear that Radic's statement, which was later published in all the papers, paved the way for a new political procedure. Although none of the committees investigating the reasons for the explosion has published the results of the investigation, Radic's pointing the finger at a possible culprit can also be an indication of new political relations in Croatia. Having been expelled

from the HDZ, Manolic is no longer a betrayer of the movement; he is a possible terrorist, a person who plants bombs, mines. He wants to overthrow the legal authorities through terrorist activities. Clearly, he is not the only one; those gathered around him in stage one, and in stage two all those "on the other side," both from the HDZ and the opposition, can become "the Manolic people," therefore terrorists. Ultimately, anyone who is suspicious can be a terrorist. In all the political science textbooks this form of dealing with those who do not hold the same views is called civil war. First within the HDZ, and later, consequently, in the entire Croatian nation.

Youth and Lack of Experience

Ivic Pasalic, the President's adviser for internal politics, has, perhaps unintentionally, contributed to the HDZ growing into a hard movement rather than into a party with his announcement that the HDZ was soon "starting the process of decommunization." Considering the fact that the HDZ holds most of the authority in the state, it could so happen that this "decommunization" is not only implemented within the party, but, by the nature of things, in the entire state machinery. In view of the fact that a number of Croatian people were involved in the communist machinery, it is not difficult to imagine what that could mean. First of all, there could appear the danger of a certain number of Croats being pushed to the margin by politically nondemocratic means, by the creation of new divisions, and by the demand to prove suitability. This time the "right ones" could be those who did not write praises to socialism and were not part of the communist authorities.

Legalizing the Factions

Pasalic and Radic may have been led to these "radical" statements by their youth and lack of experience. Considering Tudjman's opus and his active idea of national conciliation, which is what led to the forming and defense of the Croatian state, it is important to point out the possible traps in these "interpretations." Instead of creating the preconditions for establishing a democratic political atmosphere, these "interpretations" lead to the brink of a conflict within the Croatian national corps. As if once was not enough, and as if the consequences of this division should not be enough of a warning about what danger the present Croatia is facing. However, we should hope that, despite the harsh words that are piling up on both sides, neither of the two sides, or the others, will cross the threshold where the limits of the legal state end and violence begins, because they do not want to enter a conflict that would turn into a civil war.

According to one of the political analysts, there is a deep misunderstanding between Manolic and Tudjman. He proposes that two things be done to calm the situation, which even threatens to turn into a parliamentary crisis. He proposes that Manolic give up the idea of a movement and accept the HDZ as a Christian-democratic oriented party (in most of the European countries the former Communists go over to the Christian democrats), and that Tudjman accept

the general rules concerning the possibility of factions existing within the HDZ as a party.

The legalization of the factions means that the movement automatically becomes a party and that different forms of political behavior are in force. This would have a positive influence on the stability of the other Croatian parties to the degree that it has so far been negative.

In any democratic system, the majority must protect the minority, provided the minority give up violence. This is a lesson that Manolic should have learned by now. Dictatorship or civil war are always a worse form of war, and they have more serious consequences than defense wars waged against an aggressor. Let us remember what Hitler told Pavelic a few weeks after the Independent State of Croatia was established: "Croatia emerged by accident. If the English had not staged the coup in Belgrade, we would still have supported Yugoslavia." Let us not forget Baker; the Americans also supported Yugoslavia at the beginning of the Serbian aggression. The fear of the renewal of Yugoslavia is still present. It would not be good if it is again built on Croat corpses.

[Box, p 8]

Interview With Drazen Budisa, HSLS President: "I Do Not Know What Manolic's Plans Are"

[Barisic] What is your position regarding the "Manolic case"?

[Budisa] The president of the Chamber of Counties has the right to hold a session of the Chamber of Counties whenever he decides it is necessary. The rules of procedure grant too much authority to the presidents of both the Chamber of Counties and the Chamber of Representatives; situations such as this were not taken into account. However, we consider that even laws we do not consider good should be obeyed, and our relation toward the rules of procedure is the same. At this moment I do not know how and when the session of the Chamber of Counties will be held. It is also logical that the positions of presidents of both chambers belong to the party in power, although I would like to point out that the HDZ representatives voted against my nomination for deputy parliament chairman at the Chamber of Representatives, and elected Mr. Djukic [president of the Serbian National Party] instead. I have not contacted Mr. Manolic since the talks of the presidents of the opposition parties, so I do not know what his plans are.

I suppose that Manolic is trying to gain time so he can carry out preparations for the organization of the new party, which means putting together the program and the statute, and getting as many citizens and HDZ representatives as possible to start the new party. I will not conceal the fact that we in the HSLS consider this stratification useful for the democratic development of Croatia, since the role of the HDZ in Croat political life has been predominant, while at the last elections it (the HDZ) did not have the support of the electoral body that would justify this predominance.

The HSLS did not start this parliamentary crisis—to be honest, it could not have done so—which, if it does emerge, will be a consequence of the conflict in the party in power. Since we consider Mr. Manolic to have done a good job as president of the Chamber of Counties, our representatives will vote against his replacement. If he is replaced, then the issue of the new president of the Chamber of Counties will certainly arise, and I suppose talks will be held. We believe that the party that has the most representatives is entitled to have its member as president of the Chamber of Counties. However, since this did not happen in a similar situation regarding the election of the deputy president at the Chamber of Representatives, we have the possibility, regarding the candidate, to take the position we decide is best during the election.

[Barisic] How do you see the possibility of early elections?

[Budisa] I think it is logical that any self-respecting opposition party wants elections to be held as soon as possible. Not only would we not oppose them—we want them, but it is not up to the HSLS if they will be held or not.

[Barisic] To what extent do you think the Manolic case has international implications? Namely, it can often be heard that he is an agent of certain Western circles.

[Budisa] Every topical political event in Croatia has an international dimension. I think that the president's recent statement at the closed-door session of the Club of the HDZ Representatives has contributed to this. He pointed out two things: one was that one of the world powers had offered Croatia help in founding its defense system, on the condition that Manolic withdraw. The other was that the present official Croatian politics and authorities were coordinated with the Western interests, and that each attempt at destabilizing the authorities, including Manolic's attempt, had a background on the other side of the political spectrum, that is, in the East. I can answer your question if Manolic was carrying out the wishes of the West only by saying that this is completely contrary to what the president of the Republic said.

These topics are so big that I think this discussion could not end without a conversation either during the discussion of Manolic's replacement, or through a parliamentary committee that would examine the basis of such positions. If the people from the top are called to account for promoting foreign interests, we ask that the parliamentary committee also evaluate the former activities of those who allegedly promoted somebody else's interests. It is certain that there are many foreign secret services in Croatia at present, but I think that there is no relevant political force or party in Croatia at present that is conducted from abroad. I would interpret these accusations primarily as a heritage from the communist past, when each political opponent was accused either of being a real or a potential foreign agent.

[Box, p 9]

Interview With Josip Manolic, President of the Chamber of Counties: "I Will Leave Upon Secret Vote"

[Barisic] Mr. Manolic, you have refused to hold a session in spite of the demands of the HDZ representatives. You said that either a solution will be found in an agreement, or else there would be a parliamentary crisis.

[Manolic] When a parliamentary crisis emerges in any of the multiparty systems, the resolution of the crisis is sought in the agreement of all the parliamentary factions—if there is a wish to overcome the crisis.

[Barisic] What do you mean by "agreement"?

[Manolic] That is again a matter of agreement. I think that the crisis can be overcome in two ways: by electing a new president of the Chamber of Counties, or by keeping the old one.

[Barisic] Do you think that is also a possibility?

[Manolic] I think it is, as a certain regrouping of forces in that respect has already been carried out within the party in power.

[Barisic] However, some of the representatives of whom it was said they would join you have publicly denied it.

[Manolic] I have not said anyone would support me and vote for me. There was therefore nothing to deny. There are indications that there will not only be 1 percent of HDZ representatives who will join us, as the president was generously offering. The balance of powers regarding this issue is quite different.

[Barisic] Do you know what position the opposition will take?

[Manolic] The opposition parties have all supported me. They have thus expressed solidarity with the method of resolving the dispute concerning the position of president of the Chamber of Counties, not entering the dispute between me and the HDZ leadership.

[Barisic] What is important about this method?

[Manolic] The important thing is that in the process of replacing the former president or electing a new one the rules of procedure are observed, that the procedure is carried out through secret vote. The rules of procedure say that secret vote can be carried out in the elections if there is more than one candidate. I will accept that immediately if there is a multiparty agreement on it at the Chamber of Counties. Those who oppose the secret vote are not only opposing the rules of procedure, but the democratic procedure in general.

[Barisic] When are you going to hold the session?

[Manolic] I will do so when all the political elements necessary for the session to continue are present.

[Barisic] When do you think that could be?

[Manolic] As I have said, only when an agreement is previously made concerning the way to overcome this crisis.

[Barisic] Is that an invitation for talks to the "other" side?

[Manolic] It is a good chance for resolving the entire case by talking at the same level, observing the rules of procedure, rather than, as is the case here, by using nondemocratic methods.

Right-Wing Parties Form New Bloc

AU0205181094 Zagreb VJESNIK in Serbo-Croatian
29 Apr 94 p 48

[Unattributed report: "Right-Wing Parties Are Creating a New Bloc"]

[Text] Zagreb—As stated by the Croatian National Democratic League, right-wing Croatian parties held a meeting in Zagreb on Thursday [28 April]. These were the Croatian State-Creating Movement (HDP), the Croatian Democratic Party (HDS), the Croatian Democratic Party of Rights (HDSP), the Croatian Liberation Movement (HOP), the Croatian Republican Community (HRZ), the Croatian Party (HS), the Croatian Party of Rights (HSP), the Party of Croatian State Rights (SHDP), and the Croatian National Democratic League (HNDL).

The parties agreed in principle on the creation of a bloc of Croatian national, rights-oriented, state-creating, and right-wing parties so that they could jointly appear and act in public in the future, proceeding from Croatia's state and national interests. According to the statement, they discussed the political situation in detail.

Government To Replace National Currency

AU0205191494 Zagreb VJESNIK in Serbo-Croatian
30 Apr 94 p 1

[Report by Franjo Kiseljak: "Kuna on Statehood Day"]

[Text] Zagreb—After being used for three years and five months and honorably accomplishing the task of achieving the monetary independence of Croatia, the temporary Croatian dinar will go into the albums of numismatists and the memory of its users as the currency with which they experienced difficult times and the end of hyperinflationary humiliation. The dinar vouchers issued by the Ministry of Finance, as announced earlier, will be withdrawn from circulation on Statehood Day. They will be replaced with the real

money of the National Bank of Croatia, which was originally supposed to be called krana but has been renamed kuna.

It is interesting that the replacement of the money will be complete. In addition to paper money, the kuna, citizens will also find in their pockets coins called lipa. Parents will again be able to buy for their children "piggy" saving boxes and similar devices for collecting coins that could eventually be transferred in the savings books.

The entire operation of replacing money and all the technical details will be elaborated on in a special bill. The National Bank of Croatia has already prepared the working version of the bill, which will require endorsement by the government and the assembly. Correspondents have not seen the working version yet, but, judging by what was said at the government's session last Thursday [28 April], the most serious option concerning the exchange of money is the one proposing that three decimal points be knocked off. For instance, newspapers costing 2,500 Croatian dinars would cost 2.5 kunas.

Such a denomination would be extremely simple and practical, even for those who require more time to work with naughts. However, some people are proposing that even four naughts be knocked off. In this case, coins would gain in value, something that could turn out to be useful for several reasons. The state would earn more. The state is entitled to the difference between the nominal value and the cost of producing the coins. The coins with greater purchasing power, which is still more important, would make people more aware of the fact that every coin, even the lowest denomination, are worth something and should therefore be respected.

Possible objections to the "impossible psychological parity" of one German mark only being worth 37 lipas, or 3.7 kunas in the case of knocking off three decimal points, could be countered in the following way: It could be assumed that, as a result of structural disturbances, inflation will do its part and real wages will in the meantime rise to 1,000 German marks. Once we start receiving decent wages, it would not be a bad idea to stick with simple, four-digit figures. It would be good to hear what experts and those who will replace money in about one month have to say about this.

Manolic Denies Meeting With Markovic

LD0205190394 Zagreb HTV Television in
Serbo-Croatian 1730 GMT 2 May 94

[Text] Josip Manolic has denied a Croatian TV report according to which he met Ante Markovic in Vienna on 28 April. In a statement issued by the office of the Croatian parliament's Chamber of Counties, Manolic says: I have not met Mr. Markovic in Vienna or any other place in the period mentioned in the report.

Albanian 'Paramilitary Units' Bought Stingers*LD2904122594 Belgrade TANJUG Domestic Service in Serbo-Croatian 1105 GMT 29 Apr 94*

[Text] Skopje, 29 Apr (TANJUG)—Albanian paramilitary units in Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] were in possession of "Stinger" missiles before they were disbanded by the republic's Ministry of Internal Affairs in November 1993.

This was revealed today by VECER, a Skopje-based daily, which based its story on an account given by one of the main defendants, Hasan Agusi, former Yugoslav People's Army captain serving in the Marshall Tito barracks in Skopje until 1991.

According to Agusi, the Albanian paramilitary headquarters, which was based in Gostivar, paid 200,000 German marks to import weapons from Albania through Debar. The shipment consisted of 200 Chinese-made Kalashnikovs.

Commentary Views FYROM-IMF Relations*AU0205112394 Skopje NOVA MAKEDONIJA in Macedonian 23 Apr 94 p 13*

[Commentary by Violeta Cvetkovska: "Do as I Say, Not as I Do"]

[Text] "A bowed head will not be cut by a spade," our people say, seeking to justify an existential obedience.

When the government first promoted its Stabilization Program for 1994 it said openly that the program had been prepared in consultation with and with the full agreement of the international financial experts (missions of the IMF and World Bank visited our country during the past year). That endorsement of the Stabilization Program by the world's financiers created the main image of the program. It was the reason that it quickly passed the test in parliament and among public opinion. At first, however, it was not necessary to pay special attention to or understand the fact that moral support for the program also meant financial assistance in implementing it, which was announced by the government with the calculations of some international donations and credits for the annual budget, either in paying back foreign debts or in other segments of the program: strengthening the balance of payments, structural reforms, privatization, social programs, and so on.

It would be more than crazy to turn down this support, which could at least move us out of the development standstill we are in, bearing in mind the financial situation we have been facing for a prolonged period, without personal prospects, with the fall in the social product, the collapse of manufacturing and production, and the lack of investment. However, you do not need to be specially clever to realize that those giving assistance and money, particularly if they come from the rich Western world, where the market, interest, and profit are the only

criteria in finance, will want the way the money is used to be justified and will want respect for their market criteria—from the very beginning, before getting verbal support, up to the final realization of the extended assistance. In practice this means constant control and "monitoring" of the total implementation of the program, with the constant danger of sanctions or the assistance being held back because of possible inconsistencies and disrespect for their market criteria and principles.

Positive Grades

This much was clear to everybody, even the government members from the very beginning, although we can freely say we (they) were not totally aware of what this might look like in practice. It is now three months since implementation of the Stabilization program began and the diligent and hard-working financiers have sent another mission to evaluate the course of the stabilization, and, by the way, give us some much needed advice on the more rational and efficient implementation of the measures.

The general assessment of the implementation of the Stabilization program given by the head of the IMF mission, Paul Thompson, and also the claims of some government officials (the Minister of Development Sofija Todorova, for instance) was "very good." Of course, in some sectors the forecast was even exceeded. They gave the grade "excellent" for inflation control, for instance, or the denar exchange rate, the hard currency reserves, and control of salaries. However, the international officials also "peeped" into public spending, the resources for the social program, structural reforms, the restructuring of companies, and therefore also into the process of privatization. There we got or can still get bad marks. This was to be seen in the next part of the practical exam. We were almost given a "bad minus" in the sphere of credit and monetary policy, in the sector directly related to the interest rate for the commercial banking system. It was the attempt to make a "parallel slalom" of interest policy with inflation in the context of overall macroeconomic policy, via an agreement on interest policy for 1994, which started as an initiative of the National Bank of Macedonia [The Former Yugoslav Republic of Macedonia—FYROM] and ended as a "gentleman's agreement" among the banks and savings houses that was described as state intervention directly endangering the market principles of bank management. When they heard of this idea for regulating interest policy (linking it to the discount rate of the National Bank of Macedonia, which does not imply a "freeze"), the IMF representatives were very opposed, although they listened to the arguments of our financial experts, that is, the Macedonian National Bank. The world's financiers were not persuaded by the argument that the banks were not very flexible in adjusting enormously high interest rates to current falling inflation, thus creating enormous bank taxes such as exist nowhere in the world (over 450 percent at an annualized rate), are a great burden on the exhausted economy, and act as a

boomerang on the banking balance (which remains in a constant "minus" because of the impossibility of paying the same interest rates). At a certain point in the argument the IMF strictly opposed any intervention by the Macedonian National Bank in interest rate policy, saying that that was not market management—and you have committed yourself to the market economy—and it imperiled further credit support. State intervention could imperil the second tranche of \$17.5 million of IMF credit, the "stand by" arrangement with the IMF worth at least \$35 million and the \$60 million from the World Bank for structural reforms (\$40 million of which is to be used this year). Nobody could put these sums at stake. Therefore the Macedonian National Bank (the state, you could say) withdrew from interest rate policymaking, from its initiative, control and sanctioning, not to mention introducing a kind of discipline in the high bank interests. The logic of the IMF's good intentions was that the interest rates should be formed freely on the market. If they are high, so much the better, because they will serve as a good warning to those who do not pay promptly. Companies will give up the idea of obtaining expensive credits from the banks. As far as the present unsuitable situation is concerned in which many companies are not repaying their debts, the IMF has a more restrictive, but more effective recipe (in their opinion).

The banks must be prevented from immediately rewriting interest rates for companies that owe large sums of money, that is, from investing in such enterprises, thus disrupting the spiral of blockades, liquidations, and so on. In that way the bad companies and banks will be strictly weeded out (and liquidated) and a clear picture of the value of each one on the new market economy in the state will emerge. This is quite logical, but it is inapplicable in our circumstances. It means most of our companies will be shut down, liquidated, and the banks will not end up any better than if they try to give the money a little heart and soul for the national economy.

Double Standards

The other advice of the international financiers on restructuring and preparation for privatization was also quite categorical: close down all your big systems and plants that are not currently making a profit (or have not been making profit for some time), liquidate the plants, and strip the companies of redundant workers. This means a massive social burden that has yet to be taken care of. There will be support for that, too—but later on.

In any case, you will have to start the restructuring yourselves. We can only give you advice, point out your "failures," and say where you cannot expect profit, and how many redundant workers you have. The moment the healthy segments step on good and profitable ground, we shall even finance you. Until then, no fresh capital. With that aim, 25 of the biggest losers were identified, and they are not allowed to touch the expensive banking credits, unless the state becomes their guarantor. If it wants to save them, let it do so, as far as its guarantee and financial possibilities permit. It is unnecessary to state how far they do permit.

These two elements that have now come to the surface caused a lot of commotion regarding the principles and good will of these messages. Nobody denies the principles and the global approach (and financing) of these institutions, but one might have reservations regarding the choice of variant. Even our less experienced negotiators (after confidential discussions with members of the missions) were aware that the international officials entered all the negotiations with a dozen variants graded by severity and adaptability. First the strictest variant (for us) is presented, which is the most principled one for them. Then they withdraw, depending on the skill of the negotiators of the other side (ours). However, there is a limit beyond which it is impossible to go. Evidently, we, with our experience, are not very rich in variants to offer, nevertheless some experience gives us the right to have courage in the negotiations.

To be more precise, some of our globetrotters and experts following the world's financial trends are confused by the double standard in the behavior of particularly those who are bigger and richer in their market economies. Namely, as far as interest rates are concerned, even these international financing institutions, when giving credits, do not themselves act the way they profess in giving verbally declarations of support. In giving credits to Germany and Macedonia, they do not apply the same interest rates, that is, the interest for us is higher because we are a country of greater risk, regardless of the fact that we are poorer and need another type of support. As far as the free formation of bank interest rates is concerned, Milan Hrovat, vice president of the Chamber of Commerce, recently cited the example of the European Union holding summits on Germany's high interest rates (they said they were attracting all the capital from the other countries) and they forced it to lower the rates to a tolerable EU level. That was not state, but interstate intervention.